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## PRE-RETIREMENT COUNSELING GUIDE

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# FOREWORD

The Association of the United States Army, as the professional voice for America's Soldiers of yesterday, today and tomorrow, wants to help you and your Family through the trying and hectic period of preparing for retirement. You owe it to yourself to be as well-prepared as possible to enjoy the retirement you've earned.

Read this pre-retirement guide cover-to-cover, and keep it handy as a ready reference. Online, add to your "favorites" list the HQ Army Retirement Services homepage (<http://www.armyg1.army.mil/retire>) and your installation Retirement Services Officer's (RSO) homepage (link from <http://www.armyg1.army.mil/rso/rso.asp>). And, of course, work with your RSO—your expert on all topics associated with military retirement. Keep in mind, too, that you'll have the support of an RSO throughout your retirement years, no matter where you live. AUSA will continue to do our part in helping you plan for the "rest of your life" by continuing to update and improve this publication. It's one way we can ensure that every Soldier and spouse understands important topics such as the value of the Survivor Benefit Plan (SBP); the benefits offered by the Department of Veterans Affairs (VA); and the medical care that is available from the world-class healthcare system, TRICARE.

I would like to acknowledge HQs Army Retirement Services and the Army Human Resources Command—St. Louis for their contributions to providing an insightful and informative guide for retiring Soldiers of all components. We offer this guide to personal security to those who have devoted their professional lives to ensuring our nation's security. Thank you for your service.

"Once a Soldier . . . Always a Soldier!"

*Gordon R. Sullivan*  
*General, U.S. Army, Retired*  
*President*  
*Association of the United States Army*

# TABLE OF CONTENTS

## Foreword

### Section A — Introduction

1-1	General . . . . .	1
1-2	Use of Facilities . . . . .	2

### Section B — General Administration

2-1	Personal/Family Information . . . . .	3
2-2	Military Records . . . . .	3
2-3	Identification Cards . . . . .	3
2-4	When You Can Retire . . . . .	4
2-5	Retired Pay Plans . . . . .	4
2-6	Disability Retirement . . . . .	8
2-7	Online Retired Pay Calculation Program . . . . .	10
2-8	Other Retired Pay Information . . . . .	10
2-9	Transition Leave . . . . .	11
2-10	Retirement Recognition . . . . .	12
2-11	Freedom Team Salute . . . . .	13
2-12	Employment . . . . .	13
2-13	Mobilization/Retiree Recall . . . . .	13
2-14	<i>Army Echoes</i> . . . . .	13
2-15	Federal Long Term Care Insurance Program . . . . .	14
2-16	Army Career and Alumni Program . . . . .	14
2-17	Army Emergency Relief . . . . .	14

### Section C — Medical Information

3-1	Retirement Physical . . . . .	17
3-2	Retiree Medical Treatment . . . . .	17

### Section D — Department of Veterans Affairs (VA) Benefits

4-1	General . . . . .	23
4-2	VA Disability Compensation . . . . .	23
4-3	VA Home Loans . . . . .	24
4-4	Educational Assistance . . . . .	24
4-5	Servicemembers' Group Life Insurance/Veterans' Group Life Insurance . . . . .	24
4-6	VA Medical Care . . . . .	25
4-7	VA Dental Care . . . . .	25

## **Section E — Social Security**

5-1	General . . . . .	27
-----	-------------------	----

## **Section F — Survivor Benefits**

6-1	General . . . . .	29
6-2	Survivor Benefit Plan . . . . .	29
6-3	Basic SBP Questions Answered . . . . .	30
6-4	The “Negatives” of SBP — Are They Really? . . . . .	33
6-5	Reserve Component Survivor Benefit Plan . . . . .	35

## **Section G — Uniformed Services Former Spouses’ Protection Act**

7-1	General . . . . .	37
7-2	Background . . . . .	37
7-3	Division of Retired Pay . . . . .	37
7-4	Survivor Benefit Plan . . . . .	38
7-5	Identification Cards . . . . .	39

## **Section H — Reserve Component Retirement System**

8-1	General . . . . .	41
8-2	Retirement Points Accounting System . . . . .	42
8-3	Qualifying Year . . . . .	42
8-4	Maximum Point Rule . . . . .	42
8-5	Computation of Retired Pay . . . . .	43
8-6	Cost-of-Living Adjustments to Retired Pay . . . . .	43
8-7	20-Year Letter . . . . .	43
8-8	Retired Pay Process . . . . .	44
8-9	Reserve Component Survivor Benefit Plan . . . . .	44
8-10	Eligibility . . . . .	44
8-11	Election Options . . . . .	44
8-12	Beneficiaries . . . . .	45
8-13	RCSBP Costs . . . . .	45
8-14	Your Responsibility . . . . .	45

## **Section I — Military Awards**

9-1	Replacement Medals/Ribbons/Certificates . . . . .	47
9-2	Awards and Decorations . . . . .	47

## **Section J — Retirement Outprocessing Checklist**

10-1	General . . . . .	49
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## SECTION A

# INTRODUCTION

### **1-1 GENERAL**

Retirement can be a time of pleasure or difficulty depending on your attitude and how well you prepare. This guide is intended to help you understand some of the actions you can take to make your retirement more comfortable and enjoyable.

The following are some basic but very important considerations:

#### **a. Start with a positive attitude**

Don't view retirement as the end of a career or lifestyle, but rather as a transition. It's an opportunity to move out of past responsibilities and relationships and into new ones. The way you approach this transition will influence how successful your retirement will be. It's natural to experience anxiety, but you should make that anxiety a positive quality and let it energize you.

#### **b. Prepare early**

The more preparations you make, the easier the transition will be. It's too late to start developing a successful retirement plan the day before you retire. There are many publications and organizations available to assist you. Use them. Start with your installation Retirement Services Officer (RSO) and your Army Career and Alumni Program (ACAP) Office. These offices will get you started in the right direction. Locate your servicing RSO and ACAP at: <http://www.armyg1.army.mil/retire> and <http://www.acap.army.mil>.

#### **c. Understand the impact of your retirement on others**

If you have a Family, remember that they have played a large part in your Army career. Their Active Army career is also coming to an end and they will need some adjustment time too. Be sensitive to each other's needs. Discussing changes can ease potential problems in your relationship.

## **1-2 USE OF FACILITIES**

You and your Family members are authorized to use facilities on military installations when adequate space is available. The capability to accommodate retired Soldiers varies widely at each military installation. The Installation Commander determines whether retired personnel may use the facilities. Generally, retired personnel are accommodated providing their use of the facilities does not present any hardship on Active duty Soldiers who have first priority.



## SECTION B

## GENERAL ADMINISTRATION

**2-1 PERSONAL/FAMILY INFORMATION**

This period of transition provides an excellent opportunity to get your personal and Family records in order. Original or certified copies of documents are required when you file for various benefits from the Department of Veterans Affairs (VA), Social Security Administration (SSA), and other government agencies. You should make sure that your vital documents are in order and that your next of kin or the executor of your estate knows where the documents are stored. You are advised NOT to record your final discharge papers at a courthouse if they will become a public record, as instances of identity theft are increasing. Some of the more essential documents are: a will; birth certificates for you, your spouse and/or children; adoption papers; marriage certificate; divorce decree; DD Form 214 (Certificate of Release or Discharge from Active Duty); names of banks and credit unions, and routing and account numbers; insurance policies; and a list of assets and liabilities.

**2-2 MILITARY RECORDS**

Make copies of your medical and dental records before leaving Active duty. These records will be turned in when you process out, and once they leave your possession it may be difficult to obtain copies. It is also advisable to retain any paper and electronic copies of military personnel records you have. These could be difficult to obtain once they have been forwarded to the personnel records center.

**2-3 IDENTIFICATION CARDS**

You and all eligible Family members will be required to obtain new ID cards upon your retirement to reflect your new duty status. Guidelines on eligibility and how and when to get new cards can be obtained from your personnel officer or your Retirement Services Officer (RSO).

## 2-4 WHEN YOU CAN RETIRE

You can request retirement from your Military Personnel Office when your Active service {Active duty for training (ADT), Active Duty for Operational Support (ADOS), Active Duty for Special Work (ADSW), Temporary Tour of Active Duty (TTAD), Full-Time National Guard Duty (FTNGD), and Active Guard/Reserve (AGR)} totals 20 years (Section 3926, Title 10 U.S. Code). Officers may also use service as a contract surgeon or acting dental surgeon to qualify for retirement. Qualified Reserve Component (USAR and ARNG) personnel retire (and begin to draw retired pay) at age 60, or any date thereafter that they apply.

## 2-5 RETIRED PAY PLANS

### a. References: 1) DoD Financial Management Regulation

The DoD Financial Management Regulation, DoD 7000.14-R, Volume 7B, Military Pay Policies and Procedures—Retired Pay, (referred to hereafter as DoD 7000.14-R), contains everything you ever wanted to know about retired pay. You can access it at: <http://www.DoD.mil/comptroller/fmr/>. Scroll down to Volume 7B; and 2) Reserve Component (RC) Soldiers may use the calculator located at the Army Human Resources Command—St. Louis (AHRC-STL) Web site for Soldier services: <https://www.hrc.army.mil/site/reserve/>.

### b. Which retired pay plan are you under?

There are three retired pay plans for computing length-of-service retired pay. The “date initially entered military service,” also called the DIEMS date (pronounced DEEMS), determines the plan that you fall under for computation of your retired pay. That is all the DIEMS date is used for. It is not used in the retired pay formula. The DIEMS date pertains to the earliest date of enlistment, induction or appointment in a regular or reserve component of a uniformed service as a commissioned officer, warrant officer, or enlisted member. It is rarely the same as your basic active service date (BASD) and sometimes earlier than your pay entry basic date (PEBD). Situations where the DIEMS date will be earlier than the PEBD include:

**Academy graduates**—The DIEMS date is the date the Soldier entered the Academy, or the date the Soldier signed up for any Active or Reserve service before entering the Academy. Use the date from the Academy transcript, or four years before the date of Regular Army commission, whichever is earlier. NOTE: Academy time is not creditable for retired pay purposes (for officers).

**Reserve Officers Training Corps (ROTC)**—The DIEMS date is the earliest of: 1) the date the Soldier began a ROTC scholarship program, 2) the date the Soldier enlisted as a Reserve member in the Senior ROTC program, or 3) the date the Soldier signed up for any Active or Reserve service before entering the ROTC program. Proof of an ROTC scholarship will be found on DA Form 597 (Army Senior Reserve Officer Training Corps [ROTC] Scholarship Cadet Contract). Senior ROTC course enrollment can be proven by the DD Form 4 (Enlistment/Reenlistment Document—Armed Forces of the United States), or DA Form 61 (Application for Appointment), whichever is earlier. The DA Form 61 cannot be used to verify enrollment in the Senior ROTC course during the month of September 1980. NOTE: ROTC time is not creditable for retired pay purposes although any Reserve time served while also a member of the ROTC program is creditable for basic pay purposes.

**Break in service**—The DIEMS date is the date the Soldier initially became a member of a uniformed service, any branch or component, even if the Soldier had a break in service and reentered at a later date.

**Delayed Entry Program (DEP)**—The DIEMS date is the date the Soldier signed up for the DEP, not the date the Soldier came on Active duty. Use the date of signature on DD Form 4 (Enlistment/Reenlistment Document—Armed Forces of the United States).

**Direct Commissioning Program**—Use the date of signature on DA Form 71 (Oath of Office—Military Personnel).

**Students at the Uniformed Services University of Health Sciences (USUHS) and participants in the Armed Forces Health Professions Scholarship Program (HPSP).**

Not all services have their DIEMS dates properly defined in their personnel records. You may be asked to produce documentation to verify your DIEMS date.

**c. Service creditable for percentage purposes**

All three retired pay plans use “service creditable for percentage purposes” in their formulas. In addition to percentage credit for your Active duty service, you may receive percentage credit for certain inactive Reserve points and, for officers, medical or dental school. Before receiving credit for the additional time, you must first qualify for retirement by completing 20 years of Active duty. For a complete explanation of service creditable for percentage purposes, see paragraph 0103 of DoD 7000.14-R. Medical and dental officers should also read paragraph 010101, Volume 7A, DoD 7000.14-R. Reserve Component Soldiers may also find an explanation on the reverse side of their annual Chronological Statement of Retirement Points (ARPC Form 249).

**d. Service for basic pay purposes**

All three retired pay plans give you a percentage of a “basic pay base.” NOTE: You do not receive a percentage of other compensations such as housing allowance, subsistence allowance or federal tax advantages. This can make a significant difference in dollar amounts when computing your potential retired pay. The basic pay base for those with DIEMS dates before 8 September 1980 is the final basic pay. In most cases, the basic pay base for those with DIEMS dates on or after 8 September 1980 is the average of their highest three years, or 36 months, of basic pay, referred to as “High-3.”

**e. The three retired pay plans are:**

**1. DIEMS date before 8 September 1980** (Final Basic Pay). Service creditable for percentage purposes  $X 2\frac{1}{2}$  percent  $X$  final basic pay = retired pay.

**a)** These Soldiers receive a percentage of their final basic pay. Therefore, they should take care not to

retire just before an increase in their basic pay would occur. For example, a lieutenant colonel with 21 years and 10 months on 1 April should wait until 1 June to retire so the retired pay will be based on the final month’s basic pay for a lieutenant colonel with over 22 years, versus over 20 years.

**b) Active duty officers who retire under the Final Basic Pay plan** with less than 10 years of commissioned service retire in their highest enlisted or warrant officer grade. They receive a percentage of the final basic pay that corresponds to the retired grade and years of service at retirement. Reserve officers retiring at age 60 retire at the highest grade held satisfactorily for the minimum period required by law.

**c) Officers who have 10 years of commissioned service**, but retire before completing the required time in their current officer grade without an approved waiver, will retire at the next lower grade and receive a percentage of the final basic pay that corresponds to the lower grade and years of service at retirement. This is not applicable to Reserve officers (see para (b) above).

**d) Soldiers under the Final Basic Pay plan** retiring on the same day as a basic pay rate change (e.g., retire 1 January with last day of Active duty on 31 December), may be eligible to have their retired pay calculated on the new pay scale. Officers who retire voluntarily use the new pay scale as long as they qualify for retirement at least one day before their retirement date. Enlisted Soldiers use the new pay scale. Warrant officers cannot use the new pay scale. See paragraph 0104 of DoD Instruction 7000-14-R (“DoD Financial Management and Policy”) for details on mandatory and disability retirements; <http://www.dtic.mil/whs/directives/corres/html/700014.htm>

**e) Cost-of-living adjustment (COLA)**—If your DIEMS date is before 8 September 1980, you will receive an annual COLA representing the difference between the Consumer Price Index (CPI) for the third quarter of one calendar year and the third quarter of the next. The COLA is normally effective 1 December and payable the first working day of January. The first COLA after retirement will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive a full COLA.

**f) How to validate and correct your**

**DIEMS**—Soldiers can view their Official Military Personnel File (OMPF) and verify their DIEMS date online at <https://www.hrc.army.mil/portal/>, which lets you access your records or through the Army Knowledge Online (AKO) Web site, <http://www.us.army.mil>. Soldiers can determine if their first contract or appointment is on file, regardless of the branch of service. If that contract or appointment is not in the OMPF but is available, the Soldier should mail or FAX the document to:

**Officers:**

CDR, AHRC  
ATTN: AHRC-MSR (DIEMS)  
200 Stovall Street  
Alexandria, VA 22332-0444  
FAX: DSN 221-5204; CML 703-325-5204

Officers Point of Contact: Officer Records Branch, AHRC, DSN 221-8114; CML 703-325-8114.

**Enlisted Members:**

CDR, U.S Army Soldier Record Data Center  
ATTN: Personnel Actions Branch  
8899 E. 56th Street  
Indianapolis, IN 46249  
FAX: DSN 699-3704; CML 317-510-3704

Enlisted Point of Contact: Chief, Records Services Division, EREC, DSN 699-3683; CML 317-510-3683.

Army National Guard (ARNG) members should contact their state personnel officer. Army Reserve members should contact their career advisor at HRC-St. Louis, toll-free 1-800-318-5298; ask to be transferred to your career manager

**2. DIEMS date between 8 September 1980 and 31 July 1986 (High-3)** Service creditable for percentage purposes X 2-1/2 percent (not to exceed 75 percent) X average of highest 36 months of basic pay = retired pay.

**a) In most cases (see exceptions below), under the High-3 formula,** the basic pay base is the average of the monthly basic pay rates you received for the 36 months before your retirement.

**b) Commissioned officers who retire with less than 10 years** of commissioned service and less than 30 years of total service will use only enlisted basic pay in the calculation of their highest 36 months of basic pay (Section 1407, Title 10 USC). The enlisted basic pay corresponding to the member's years of service for the 36 months before retirement will be used. **NOTE:** Commissioned warrant officer time may be used to meet the 10-year commissioned service requirement.

**c) Commissioned officers under the High-3 formula who retire with 10 or more years** of commissioned service, but who fail to meet the service-in-grade requirements, will retire at the next lower grade served on Active duty satisfactorily for at least six months.

**d) If you serve on Active duty for less than 36 months** (e.g., retire for disability), the basic pay base is the amount of monthly basic pay you received during the period you were on Active duty divided by the number of months, including any fraction, that you served on Active duty.

**e) COLA—If your DIEMS date is between 8 September 1980 and 31 July 1986,** you will receive an annual COLA representing the difference between the Consumer Price Index (CPI) from the third quarter of one calendar year to the third quarter of the next. The retired pay COLA is normally effective 1 December and payable the first working day of January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive the full COLA.

**f) For more information** on calculating the average of the highest 36 months of basic pay, see paragraph 0301 of DoD 7000.14-R; <http://www.dtic.mil/whs/directives/corres/html/700014.htm>.

**3. DIEMS date on or after 1 August 1986** (High-3 or CSB/REDUX). You are automatically covered under the High-3 retired pay plan discussed in paragraph 2 above. However, between Active duty years 14-1/2 and 15, you may be given an opportunity to elect to have your retired pay calculated under the REDUX formula and receive a \$30,000 Career Status Bonus (CSB) payable in lump sum or in two to five annual

installments. This option is called CSB/REDUX. CSB/REDUX elections made before a Soldier's 15th year of Active duty become effective and irrevocable the 15th year. To be eligible, you must qualify under your Service's regulations for retention to 20 years. You must also agree to serve continuously until you complete a total of 20 years. In most cases, failure to complete 20 years of service will result in the Soldier having to pay back the full pre-tax CSB amount.

**CSB/REDUX:** Soldiers who are eligible for and elect to receive the \$30,000 CSB agree to have their retired pay calculated under the CSB/REDUX formula as follows: Service creditable for percentage purposes X (2 percent per year for years 1 through 20, 3.5 percent per year for years 21 through 30, and 2.5 percent thereafter) X the average of the highest 36 months of basic pay. Paragraphs 2a through 2d above also apply to calculation of the highest 36 months of basic pay for the CSB/REDUX plan. At age 62, retired pay will be recomputed under the High-3 formula (see paragraph 2 above); however, the recomputation will NOT be retroactive under CSB/REDUX, the longer an individual stays on Active duty, the closer the retired pay percentage multiplier is to what it would have been under the High-3 retired pay plan, up to the 30-year point where the percentage multipliers are equal. However, due to receipt of "COLA minus 1 percent", retired pay received under REDUX will always be less than what is received under the High-3 retired pay plan.

A Soldier who accepts the \$30,000 bonus and later retires for disability will use the High-3 formula for the length-of-service portion of retired pay.

The tax-deferred Thrift Savings Plan (TSP), similar to a 401K employer savings plan, became available to military members in January 2002. Soldiers must be participating (i.e., contributing monthly from their basic pay) in the TSP on the effective date of their CSB/REDUX election in order to contribute any of their CSB to the TSP. CSB/REDUX elections become effective at the 15th year if the TSP election form is returned before then; otherwise, they are effective on the date received. As of 1 July 2005, periodic TSP

open enrollment seasons are no longer held. Instead, a participant can change their TSP enrollment options at any time, with the change being effective the beginning of the following pay period. Again, make sure your TSP participation has officially started before your CSB/REDUX election effective date if you want to contribute any of the CSB into the TSP. This becomes even more important if you plan to receive the CSB in annual installments in order to maximize the tax-deferred provisions the TSP offers. For TSP information, go to <http://www.tsp.gov>. A reminder to Reserve Component members assigned to units: Your unit MUST properly change your status code at DFAS when you are transferred to the Retired Reserve or discharged. Without the proper inactive code you will not be able to withdraw your TSP.

For more information on the CSB/REDUX retired pay option, go to the Pre-Retirement CSB/REDUX section of the Army Retirement Services homepage at <http://www.armyg1.army.mil/rso/preretirement.asp>. This site also contains a listing of installation CSB/REDUX counselors who can assist you.

**Cost of Living Adjustment (COLA):** Members with DIEMS dates on or after 1 August 1986, who elect to have their retired pay calculated under CSB/REDUX (including Soldiers who retire for disability after having made a CSB/REDUX election, even though their retired pay will be calculated under the High-3 plan), receive reduced COLAs, equal to the Consumer Price Index (CPI) minus 1 percent, until age 62, at which time they receive a one-time catch-up COLA. They then revert to the CPI minus 1 percent COLA. To access a CSB/REDUX retirement calculator, go to: [http://www.dod.mil/militarypay/retirement/calc/03\\_redux.html](http://www.dod.mil/militarypay/retirement/calc/03_redux.html).

For more information on the three retired pay plans, go to: <http://www.dod.mil/militarypay/retirement/>. This Web site has a calculator that allows Soldiers to do "what if" calculations for the High-3 and CSB/REDUX retired pay plans. CSB/REDUX information can also be found on the CSB/REDUX/DIEMS link of the Army Retirement Services Web site at <http://www.armyg1.army.mil/retire>



## 2-6 DISABILITY RETIREMENT

### a. Disability Pay

It is imperative that a Soldier who might retire for disability avails him/herself to a pre-retirement briefing, conducted by their nearest Army Retirement Services Officer (RSO).

Soldiers retiring for disability will have their retired pay calculated on the appropriate length-of-service formula (Final Basic Pay or High-3). **NOTE:** A Soldier who retires for disability prior to reaching 15 years of Active service (when the choice to take CSB/REDUX must be made) is not eligible for CSB/REDUX; nor is a Soldier who is undergoing a Physical Evaluation Board (PEB), Military Occupation Specialty (MOS) Medical Retention Board (MMRB), or Military Medical Review Board (MMRB). If the PEB/MMRB process finds the Soldier fit for duty, then that Soldier is qualified to request CSB/REDUX. Also, Soldiers who have chosen CSB/REDUX and retire for disability after their 15th year of service and before their 20th year of Active service will not have to repay any portion of the CSB; and, their pay will be calculated under the High-3 formula, not the CSB/REDUX formula. Soldiers who chose CSB/REDUX and later retire after 20 years service will have their pay calculated under CSB/REDUX rules.

Retired pay, using the percentage of disability formula, is computed by multiplying the percentage of disability by the basic pay base (final or average highest 36 months, depending on the Soldier's DIEMS date). **NOTE:** Soldiers will not receive less than 50 percent of their basic pay base while on the Temporary Disability Retired List (TDRL); however, the percentage can be decreased when the Soldier is placed on the Permanent Disability Retired List (PDRL). Also be aware that in order to draw Combat-Related Special Compensation (CRSC) or Concurrent Retirement and Disability Payments (CRDP)—programs described in greater detail later in this guide—you must have completed at least 20 qualifying years of service for retirement. Under current law, placement on the PDRL/TDRL with less than 20 qualifying years of service disqualifies you from receipt of CRSC or CRDP.

Let's look at an example of a retired pay computation for a Soldier with 20 years of service retiring with a 30 percent permanent disability. Length-of-service retired pay would be 50 percent ( $2\frac{1}{2}$  percent X 20 years) of the basic pay base. Percentage of disability retired pay would be 30 percent of the basic pay base. In this example, the Soldier's retired pay would be greater using the length-of-service formula, because it provides 50 percent, versus 30 percent, of the basic pay base.

Disability retired pay may or may not be taxed, depending on the Soldier's status on 24 September 1975. A Soldier who was a member of a uniformed service or under a binding written agreement to become a member on 24 September 1975 will not have their disability retired pay taxed. A Soldier who was not a member of a uniformed service or under a binding written agreement to become a member on 24 September 1975 will have disability retired pay taxed unless all of it is based on percentage of disability and the disability is the direct result of one of the following: armed conflict, extra-hazardous service, simulated war, or an instrumentality of war. Military vehicles, weapons and other such items could be termed instruments of war, whether being used in armed conflict or simulated war at the time. For a Soldier who was a member of a uniformed service or under a binding written agreement to become a member on 24 September 1975, the portion of retired pay that is based on the percentage of disability formula is tax-free. In the earlier example, the portion of retired pay based on disability (30 percent X final basic pay) would be tax-free, although the length-of-service retired pay formula (50 percent X basic pay) would determine the total retired pay entitlement.

### b. Special Compensation Programs

#### 1. Combat-Related Special Compensation.

Combat-Related Special Compensation (CRSC) is a form of concurrent receipt. CRSC restores military retired pay otherwise offset dollar-for-dollar by the retiree's tax-free disability compensation paid by the Department of Veterans Affairs (VA). To be eligible for the CRSC program, at least some of the retiree's VA disability rating must be the result of combat-related injury. The CRSC program began 1 June 2003; and was enhanced on 1 January 2004.

The effective date of CRSC eligibility depends on which law's criteria a retiree qualifies.. The two qualifiers are SERVICE and DISABILITY. To meet the Service criteria, a retiree must have completed at least 20 years of Active, Reserve or Guard service, or be medically retired. To meet the Disability criteria, a portion of the member's VA disability compensation must be combat-related: from training for war, hazardous service, instrumentation of war, or armed conflict.

1 June 2003 law: A retiree with 20 years of Active service, or if a Reserve retiree with 7,200 points, must be rated as at least 60 percent combat-disabled OR if not, rated at least 10 percent combat-disabled connected to an award of the Purple Heart. If approved under this law, payments are retroactive to 1 June 2003 or the date first qualified, if later. If VA disability compensation exceeds retired pay, CRSC will only reimburse up to the amount of retired pay. CRSC payments are tax-free.

1 January 2004 law: Under the second CRSC law, both Service and Disability eligibility criteria expanded. To meet the Service criteria, a Reserve retiree can have less than 7,200 points, and simply be in receipt of retired pay. The DISABILITY criteria was changed to say that as long as the retiree is rated at least 10 percent disabled by the VA, and that rating can be traced to combat, no Purple Heart award is needed. If approved under this law, payments are due from 1 January 2004, or the date first qualified, if later.

Retirees must apply to their individual branch of service using the DD Form 2860, Claim for Combat-Related Special Compensation. Claim forms are available at: <https://www.hrc.army.mil/site/crsc/apply.html>. Applicants are responsible to provide medical and personnel documents that support their claim.

Each uniformed service will review claims of their own retirees, with the Department of the Navy reviewing applications for both the Navy and Marine Corps. Service reviews will determine which disabilities, if any, are combat-related or are the result of an injury for which the member was awarded the Purple Heart. Retired Soldiers will be informed of denied applica-

tions and the reason for denial, and may reapply if they are able to prove they meet the program's criteria. Retired Soldiers can appeal the decision if they believe their disabilities were combat-related.

Army information numbers are: toll-free 1-866-281-3254; CML 703-325-5163

More in-depth CRSC information is available online at: <http://www.crsc.army.mil/>; and <http://www.armyg1.army.mil/retire>

**2. Concurrent Retirement and Disability Payments (CRDP).** A second program, created 1 January 2004, that addresses concurrent receipt, is called Concurrent Retirement and Disability Payments (CRDP). Along with Combat-Related Special Compensation (CRSC), CRDP's intent is to compensate certain retirees for the loss (or offset) of retired pay, resulting from their receipt of VA disability payments. However, unlike CRSC, CRDP is paid based on service-related disability, not necessarily combat-related disability. To qualify, the retiree must be in receipt of VA disability compensation based on a disability rating of at least 50 percent, and: 1) must be a length-of-service retiree, or if retired for disability under Chapter 61, Title 10, USC, must have completed sufficient time to qualify for a length-of-service retirement (20 qualifying years); or 2) retired under the Temporary Early Retirement Authority (TERA). CRDP payments are automatically made by DFAS-CL based on shared data between them and the VA. No application is necessary. If a retiree also qualifies for CRSC, DFAS-CL will pay the more advantageous amount. While CRSC payments are tax-free compensation, CRDP is restored retired pay

CRDP is a program that's being phased-in over a 10-year period that began 1 January 2004. Here's how the phase-in works: During the first year (2004), an eligible retiree was paid a prescribed flat dollar amount ranging from \$750/month for those rated 100 percent disabled to \$100/month for those rated 50 percent disabled. During the period 2005-2014, an additional amount is being returned to retired pay until full restoration of the "offset" amount (i.e., "concurrent receipt") is accomplished. Per the 2005 National

Defense Authorization Act (NDAA), retirees who are rated by the VA as 100 percent disabled are exempt from the 10-year phase-in and will receive immediate full concurrent receipt. Per the 2006 NDAA, retirees who hold a 100 percent VA disability rating based on a combination of their service-connected disability rating and their unemployability, will achieve full concurrent receipt no later than 1 Oct 2009. Until then, they are subject to the phase-in schedule described above. CRSC and CRDP are mutually exclusive. DFAS-CL will establish the most advantageous payment for retirees who qualify for both, and then will offer an annual open season to allow retirees to change DFAS-CL's program default. To date, open seasons periods have been conducted in January. Consult the DFAS Web site to confirm the date: <http://www.dfas.mil>.

## 2-7 ONLINE RETIRED PAY CALCULATION PROGRAM ONLINE

A one-page source of pay/benefits information, the Army Benefits Tool (ABT), was created in 2003 to help Active and retired Soldiers and Families easily link to important information. In addition to residing on Army Knowledge Online (AKO), under Self-Service (My Benefits), it is available at: <http://www.armygl.army.mil/rso/abt.asp>. It offers 10 calculators covering topics such as the Thrift Savings Plan (TSP), Survivor Benefit Plan (SBP), VA disability compensation and Social Security.

## 2-8 OTHER RETIRED PAY INFORMATION

The retired pay of Army retirees is processed by DFAS-CL. Documents related to military retired pay matters should be mailed to their mail handling center at: DFAS, US Military Retired Pay, P.O. Box 7130, London, KY 40742-7130. DFAS-CL can be reached toll-free at 1-800-321-1080 (0700-1930 Eastern Time), or online at <http://www.mil/dfas>. They offer a recently-upgraded Interactive Voice Response System (IVRS) which might be useful to you in resolving pay matters.

Some basic retired pay facts:

**a. Pay Day.** You are paid monthly on the first working day of the month, not necessarily the 1st of the month.

**b. Retiree Account Statement (RAS).** You will receive a Retiree Account Statement (RAS) (similar to your Leave and Earnings Statement) with your first retired pay. Thereafter, you will receive a RAS only if your pay amount changes, but may request one at any time. You will receive an annual 1099R form for your use in filing income tax returns. Use of DFAS's electronic myPay system is highly encouraged – <http://mypay.dfas.mil>. See details in paragraph 2-8 f of this guide. If you use myPay, your RAS and 1099R are available only via myPay unless you elect to receive hard copy. Installation Retirement Services Officers (RSO) can re-issue your 1099R if needed.

**c. Electronic Funds Transfer.** The use of Direct Deposit or Electronic Funds Transfer (EFT) of retired pay is strongly encouraged. With EFT, your retired pay is sent directly to your financial institution. International Electronic Fund Transfer (IEFT) is available to retirees and annuitants residing in most overseas locations. Contact DFAS-CL for more specific information.

**d. Taxes.** Federal taxes (and state taxes, if applicable and requested by you) will be deducted from retired pay. Your retired pay is not subject to Social Security/FICA tax withholding because it is “deferred” income rather than “earned” income.

**e. Allotments.** Allotments from Active duty pay, except for the Combined Federal Campaign (CFC), Servicemembers' Group Life Insurance (SGLI), and Veterans Educational Assistance Program (VEAP), will continue into retirement unless stopped by the Soldier. Retired Soldiers may have up to six “discretionary” allotments and up to nine “non-discretionary” allotments, not to exceed a total of 15. Discretionary allotments include payment of insurance premiums for health, auto or life insurance; voluntary payments to a dependent, former spouse or relative; deposits into a financial institution, mutual fund or investment firm; and payment of an auto or personal loan, mortgage, rent and consumer



debts. Non-discretionary allotments include US Government savings bonds; payment of delinquent taxes; contributions or repayment of loans to Army Emergency Relief (AER); and court-ordered garnishments. Allotments may be changed as frequently as desired after retirement, as long as the number of discretionary allotments does not exceed six.

**f. Electronic pay changes.** myPay - <https://mypay.dfas.mil> - is the online personal pay system operated by DFAS. myPay lets Active, Guard and Reserve members, civilian employees and military retirees and annuitants take charge of their pay accounts online.

myPay delivers powerful features. Customers can perform the following activities:

- View, print and save leave and earning statements and RASs
- View and print tax statements
- Change federal and state tax withholdings
- Update bank account and EFT information
- Manage allotments
- Edit address information
- Purchase U.S. savings bonds
- Control Thrift Savings Plan activity
- View and print travel vouchers (Features vary by Armed Service and status)

myPay is simple and secure, and means no waiting in lines or on the phone. Easy to use menus and clear confirmation messages give customers confidence that changes they request are made quickly and correctly. Further information about myPay can be found on the DFAS Web site, or by calling toll-free 1-877-363-3677.

## 2-9 TRANSITION LEAVE

### a. AR 600-8-10, Leave and Pass Administrative Absences, governs leave.

**b. At retirement,** the leave you have accrued through your retirement date may be sold (limit of 60 days per career), used as transition leave, or split between these two options. You must decide what is best for you. Because it is difficult to cancel an approved retirement, it is best to decide your course of action before submitting your retirement request. The following factors may affect your decision:

- If you have less than 30 years of service, each additional month you serve on Active duty provides an additional retired pay multiplier of 1/12th of 2-1/2 percent for those under the Final Basic Pay or High-3 formulas, or 1/12th of 2 percent or 3.5 percent, for those under CSB/REDUX. The retired pay multiplier is capped at 75 percent under all three plans after 30 years of service.
- You must retire on the 1st day of a month unless you retire for disability.
- Since 10 February 1976, you can't sell back more than 60 days leave per career.
- Each day of leave that was accrued on or before 31 August 1976 can be sold back at today's rates for basic pay, basic allowance for housing (BAH), basic allowance for subsistence (BAS) and, if applicable to the individual, the personal money allowance.

For an overview of BAH, visit <https://secureapp2.hqda.pentagon.mil/perdiem/> and <http://militarypay.dtic.mil>. You can look up individual rates, calculate your tax advantage, and review additional Frequently Asked Questions regarding the program.

The number of pre-31 August 1976 leave days you have are reflected on your June and December Leave and Earnings Statements (LES).

- Each day of leave you sell back that was accrued after 31 August 1976 can be sold back for basic pay only.

- Accrued leave paid in a lump sum is automatically taxed at the 25 percent rate.
- You are not permitted to begin employment while in permissive TDY status.
- You MAY work while on transition leave, even for the federal government.
- Soldiers retiring for disability will have their retirement date moved back to allow them to use any transition leave they are unable to sell back due to the 60-day limit.
- With your commander’s approval, you may receive 20 or 30 days of permissive TDY to job hunt and house hunt. Permissive TDY is in addition to any regular leave you have. You may take it as a lump sum in conjunction with your retirement/transition leave or you may take it as a series of trips in the months preceding your retirement.

**c. Because any leave you have accrued over 60 days will be lost if you don’t take it as transition leave,** you only need to decide what you want to do with your first 60 days—sell them or take them as transition leave. If you remain on Active duty the last 60 days, you will have 60 days of leave to sell when you retire. If you depart on transition leave 60 days early, you won’t. The example below illustrates this point for two Soldiers who have approved retirements for the same day. One chooses to sell 60 days of leave; the other chooses to take 60 days of leave.

SELL LEAVE OPTION. YOU
• Remain on Active duty without taking leave
• Have 60 days leave to cash in
• Full Pay & Allowances
TAKE LEAVE OPTION. YOU
• Remain on Active duty, but take leave
• Have no leave to cash in
• Full Pay & Allowances

While it may appear to be a cut and dry decision, other factors can complicate it. For example, what if you were offered a job that required you to begin working 60 days before your retirement date? Would the opportunity for that great job be worth more to you than the money you would receive from selling 60 days of leave? There are a number of reasons you might want to use the first 60 days of leave as transition leave rather than cashing it in. Again, only you can determine what course of action is best for you.

Compare these scenarios: OneSoldier retires 1 October and takes 60 days of transition leave. During the leave period (1 August – 1 October) he receives 60 days of basic pay and allowance.. Another Soldier retires two months earlier, on 1 August. He/she receives 60 days of basic pay for the “sold” leave plus basic allowances for housing and subsistence for any post-31 August 76 accrued leave days, plus two months of retired pay, and, if a new job is started immediately, receives salary from the new employment.

In the final analysis, personal circumstances will dictate the decision you make regarding setting your retirement date and taking or selling leave in conjunction with that date.

2-10 RETIREMENT RECOGNITION

You will be given the opportunity to participate in a retirement ceremony and receive a retirement certificate, Army retired pin, and United States flag. Your spouse, if applicable, will receive a certificate of appreciation. A Presidential certificate of appreciation (if requested) is given to Soldiers with more than 30 years of service, Medal of Honor recipients, and former Prisoners of War (POW) who qualify for or have been awarded the POW medal. These items are normally presented during a retirement ceremony scheduled by your unit and or support installation. However, if you choose not to participate in a retirement ceremony, your transition center will ensure you receive these items.

## 2-11 FREEDOM TEAM SALUTE.

Freedom Team Salute (FTS) is an official program sponsored by the Secretary of the Army and the Army Chief of Staff. It provides a no-cost means for Active, Guard and Reserve Soldiers to recognize and honor a parent's service, a spouse's commitment, and an employer's long-standing support with a Commendation package tailored to their contribution. Recipients of an FTS Commendation package will receive: 1) an official Army lapel pin; 2) official Army decal; 3) certificate of appreciation signed by both the Chief of Staff and the Secretary of the Army; 4) thank-you letter signed by both the Chief of Staff and the Secretary of the Army. You can go to the FTS Web site and submit someone's name before you retire and they will receive a Freedom Team Salute Commendation in four to six weeks. Perhaps this would be an appropriate additional recognition you wish to give to those who have supported your military career, at your retirement ceremony. If interested, go to: [www.freedomteamssalute.com](http://www.freedomteamssalute.com).

## 2-12 EMPLOYMENT

There are several employment restrictions which apply to retired Soldiers. These restrictions are covered in DOD Directive 5500.7, Standards of Conduct, <http://www.dtic.mil/whs/directives/corres/html/55007.htm>; and at mandatory pre-retirement briefings. You are urged to attend a pre-retirement briefing before you accept post-retirement employment. Specific questions should be directed to a Designated Agency Ethics Official (DAEO), usually located at installation legal assistance offices.

## 2-13 MOBILIZATION/RETIREE RECALL

The Army Human Resources Command—St. Louis (AHRC-St. Louis) administers a program to recall retired Soldiers in case of full or partial mobilization. Officers and enlisted personnel under 60 years old and in good health are subject to recall in case of war or national emergency as declared by the President. Warrant officers may be recalled up to age 62. General officers are recalled on a case-by-case basis. AHRC-St. Louis identifies retired Soldiers using the Total Army Personnel Data Base—Reserve (TAPDB-R).

Every effort is made to assign the retired Soldier to a base within 300 miles of his or her home. Recall orders will be issued only at the time of mobilization. AHRC-St. Louis will make periodic contact with retired Soldiers to keep their files up to date. Note: Title 10, USC requires that all Soldiers be retired or discharged at age 60 unless extended by the Secretary of the Army. Soldiers who submitted a request for retirement and whose retirement orders have been published will not have their retirement revoked. You can review more information regarding mobilization of retirees, and volunteer for recall at: <https://www.hrc.army.mil/site/reserve/Soldierservices/mobilization/retireemobilization.htm>

## 2-14 ARMY ECHOES

*Army Echoes* is the official bulletin for Retired Soldiers. It is designed to keep them and their Families up to date on changes in military benefits and entitlements, and to provide contact information for RSOs and other offices of interest. The Army G-1 Retirement Services Office publishes *Army Echoes* three times a year for Retired Soldiers and annuitant surviving spouses. *Army Echoes* is posted online at: <http://www.armyg1.army.mil/rso/echoes.asp> for your use whether retired or just thinking about retirement. Once you're retired, *Echoes* will be mailed to you; however, many Retired Soldiers and surviving spouses are choosing to stop the mailed copy and receive *Echoes* electronically (*e-Echoes*). To receive *Echoes* via regular mail, do nothing; it will be sent to your address automatically. To request *e-Echoes*, and to remove yourself from the mailing list, go to: <http://www.armyg1.army.mil/rso/echoes.asp>. While paper *Echoes* is limited to three issues a year, you can find frequent online updates in the Current News section, <http://www.armyg1.army.mil/rso/docs/currentnews.pdf>. *Army Echoes* is mailed to Retired Soldiers receiving or eligible to receive retired pay and surviving spouses receiving or eligible to receive SBP using the home addresses they have on file with DFAS-CL. HRC-St. Louis supplies the addresses for "gray area" Reserve retirees. Regardless of how you choose to receive *Echoes*, please read it and save the portions that may be helpful to your Family, and encourage your Family to read it too.

## 2-15 THE FEDERAL LONG TERM CARE INSURANCE PROGRAM

Long term care is ongoing care for people who need lengthy or even lifelong help with everyday activities—such as bathing and dressing—due to an illness, injury or severe cognitive impairment. It is estimated that over half of people who reach age 65 will need long term care at some point in their lives. Long term care could be the most expensive type of care you ever face—and costs are only going to get higher. Long term care expenses are those not covered by traditional medical insurance plans. Most health care programs, including the Federal Employees Health Benefit Plan (FEHBP), TRICARE and TRICARE for Life (TFL), cover very few long term care expenses, if any. Long term care insurance helps preserve your retirement savings should a long term care need arise. The Federal Long Term Care Insurance Program (FLTCIP) is the only plan that has Office of Personnel Management (OPM) oversight and sponsorship. Further information is available by contacting The Long Term Care Partners, LLC, who administers the program, toll-free at 1-800-582-3337; or going online to: <http://www.ltcfeds.com>. We strongly recommend you become knowledgeable and compare policies from several sources before making any decision involving long term care insurance. There are many variables and provisions available.

## 2-16 ARMY CAREER AND ALUMNI PROGRAM

There are 53 Army Career and Alumni Centers (ACAP) located at major installations worldwide. They provide extensive transition support services to retiring and separating Soldiers and their Family members. ACAP services can be maximized if begun two years prior to retirement. Services typically provided by ACAP Centers include:

- Pre-Separation Counseling (including completion of the DD Form 2648, “Pre-Separation Counseling Checklist”). Soldiers are informed about transition benefits and services that are available to them. Additionally, they receive assistance in identifying their needs and developing an Individual Transition Plan (ITP). By law, Soldiers must receive required

pre-separation counseling a minimum of 90 days before retirement or separation.

- Job Assistance Workshops. These provide clients with the basic knowledge and skills necessary to plan and execute a successful job search. This includes selection of a job search objective, networking, resume and cover letter writing, identification of job opportunities, interviewing and salary/benefit negotiations.
- Individual Counseling. This is provided using the information discussed in the workshops. Counselors help clients identify an objective, write resumes and cover letters, complete job applications, find job opportunities, prepare for interviews and job fairs, and negotiate salary and benefits.
- Job Search Resources. These are available for client use, to include automated job listings on the ACAP Web site, America’s Job Bank, and the Transition Bulletin Board. ACAP Centers also have information pertaining to job fairs, automated resume writers, application software for Federal Employment, and job assistance libraries.
- Services after Retirement. These are available to Army retired Soldiers for life (on a space-available basis). ID card carrying Family members are also eligible.

For more information, go to: <http://www.acap.army.mil>.

## 2-17 ARMY EMERGENCY RELIEF (AER)

Army Emergency Relief provides financial assistance to Army retirees and immediate Family members on the basis of emergency financial need. Assistance may include, but is not limited to, emergency transportation, rent, mortgage, food, essential POV repairs, clothing, and natural disasters.

Upon retiring from the Army some benefits you enjoyed as a Soldier may be curtailed or even eliminated. This is not the case with AER. As an Army retiree you will continue to enjoy the same entitlements as when you were on active duty. This eligibility applies to all retirees and includes those placed on Temporary Disabled Retired List (TDRL) or Permanent Disabled Retired List (PDRL) for medical reason. U.S. Army

Reserve and National Guard Soldiers obtain eligibility upon the commencement of retired pay at age 60.

There are currently 91 AER sections located on U.S. Army installations worldwide that retirees can contact to obtain financial assistance. Those retirees not located near an Army installation may contact a local chapter of the American Red Cross who will assist in processing an application to AER. Also, a reciprocal agreement with the Air Force Aid Society, Coast Guard Mutual Assistance and Navy-Marine Corps Relief Society allows retirees and their Family members to request AER assistance through any military installation with a military relief society office.

Dependent children of retirees, and gray area retirees, are eligible for four years of AER undergraduate scholarships. AER also has an undergraduate scholarship program for spouse of Active duty Soldiers and retirees.

AER provides financial assistance to widows of Soldiers who die after retirement. Generally, entitlements such as SBP, DIC, social security, or individual insurance will not commence until 30-90 days after the death of a retiree. AER will provide financial assistance to widows for “routine or normal” monthly expense while awaiting the start of their entitlements. This assistance is provided as a grant.

To obtain further information on the many categories of assistance available to retirees and their family members, visit AER’s web site at [www.aerhq.org](http://www.aerhq.org), or contact a representative of Headquarters, Army Emergency Relief at their toll free number 1-866-878-6378.





## SECTION C

# MEDICAL INFORMATION

### 3-1 RETIREMENT PHYSICAL

A retirement physical (not applicable to Reservists unless on Active duty) is highly encouraged and should be obtained no more than four months and no less than one month before your retirement date or the start of transition leave. Contact your local Military Treatment Facility (MTF) for details and appointments.

Attention Persian Gulf Veterans

If you are a Gulf War veteran, you are eligible for medical evaluation either through DoD's Comprehensive Clinical Evaluation Program (CCEP) or the Department of Veterans Affairs (VA) Gulf War Registry (GWR). Consult the VA for more information on these programs online at <http://www.va.gov>; or by phone at 1-800-827-1000.

### 3-2 RETIREE MEDICAL TREATMENT

**a. TRICARE background**—Since the end of the Cold War, the U.S. military has dealt with new challenges to its organization and mission. Fewer men and women are on Active duty. Along with fewer combat forces, there have been reductions in support forces, including physicians and other medical professionals.

As a result of Base Realignment and Closure (BRAC), 35 percent of the military hospitals that existed in the United States in 1987 have closed. Yet, the total number of people seeking health care through the Military Health Services System (MHSS) has decreased far less.

Another shift in support requirements has occurred over the last few decades. In the early '50s, military retirees and their Families comprised only 8 percent of those eligible for care in the MHSS. Today, retired Soldiers—who often require more medical care than their Active duty counterparts—make up more than 50 percent of those eligible for care.



But as hospitals closed, health care for many retired Soldiers became less accessible, with appointments at military hospitals and clinics becoming more and more difficult to obtain. Simply stated, the demand for health care began to exceed the system's capacity to deliver it.

Two more factors led to changes in the MHSS—the rising cost of health care and the continuing requirement to maintain a trained and ready medical corps to support our troops, in peace or combat.

Costs for medical care are rising in both the civilian and military communities because of improved technology, increased use and aging of the population.

While providing health care during peacetime is an important mission, the number one priority of the MHSS is to support emergency operations. A new approach was needed to meet peacetime demands for care while preserving the capability within the Active duty medical corps to deploy and support military men and women on operational missions.

In response to that challenge, DoD introduced TRICARE. TRICARE is a regionally managed health care program for Active duty and retired members of the uniformed services, their Families and survivors. TRICARE brings together the health care resources of the uniformed services, and supplements them with networks of civilian health care professionals to provide better access and high quality service while maintaining the capability to support military operations.

TRICARE has continued to transform, with the July 2004 implementation of changes to regional contracts and other areas of responsibility. More than 1 million TRICARE-eligible beneficiaries in Alaska, California, Hawaii, and the Yuma, Arizona area, transitioned to the new West Region. These beneficiaries joined with beneficiaries in Oregon, Washington state and northern Idaho. The TRICARE West Region contractor is TriWest Healthcare Alliance Corp. In this phase of TRICARE transitions, beneficiaries in Illinois, Indiana, portions of Iowa (Rock Island Arsenal area), Kentucky, Michigan, portions of Missouri (St. Louis area), North Carolina, Ohio, portions of Tennessee

(Fort Campbell area), southern Virginia, western West Virginia and Wisconsin, became part of the new TRICARE North Region. Beneficiaries in this region receive health services and support through Health Net Federal Services, Inc. (HNFS), the regional contractor. The TRICARE South Region contractor is Humana Military Healthcare Services. The South Region contract covers Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, excluding Fort Campbell and Texas, excluding the El Paso area.

TRICARE benefits, costs and the enrollment processes remain the same under the contracts. The regional contractors provide beneficiaries with information on enrollment, network providers, and procedures for filing claims and contacts for TRICARE assistance within their regions.

Importantly, Military Treatment Facilities (MTFs) in all regions remain at the core of the MHSS and will now schedule appointments for their beneficiaries. MTF locations are listed on the TRICARE Web site: <http://www.tricare.mil/mtf/main1.aspx>.

**b. How TRICARE works—**The FY 2001 National Defense Authorization Act (NDAA) made significant changes to military health care for beneficiaries aged 65 and over. Therefore, benefits available to the under- and over-65 beneficiary population are discussed separately below. Questions on your health benefits should be directed to the Health Benefits Advisor (HBA) or Beneficiary Counseling and Assistance Coordinator (BCAC) at the nearest military medical facility. These individuals will help you get the medical care you need at the best price and in the most convenient manner.

**1. Beneficiaries under 65:** Beneficiaries under age 65 may choose between two options, TRICARE Standard or TRICARE Prime.

**a) TRICARE Standard—**Beneficiaries under age 65 are automatically covered under TRICARE Standard unless they choose to enroll in TRICARE Prime. Under Standard, you and your Family are authorized medical care at any MTF on a space-available



basis. Availability varies based on location, facilities and staffing. When the services you require cannot be obtained through the local MTF, it may become necessary to seek care from a civilian provider and have these services cost-shared under TRICARE Standard. This option provides you with the greatest freedom of choice of providers, but at the greatest potential cost. Outpatient deductibles are \$150 per person, and \$300 per Family per year. The annual deductibles required under TRICARE Standard must be met before cost sharing begins. Cost share is 25 percent of allowable charges that may be assessed by the doctor over and above the allowable. (See TRICARE Extra and TRICARE Plus below for additional options.) For retirees, the annual catastrophic cap on out-of-pocket deductibles and allowable cost shares is \$3,000

**TRICARE Standard Supplement**—TRICARE Standard does not cover all health care. There are also special rules and limits on certain care. Consequently, a TRICARE Standard Supplement may be needed to cover the costs of services not covered by TRICARE Standard, and if you do not have other health insurance through a spouse or employer. TRICARE Standard is the second payer to other insurance, and will pick up the costs the other insurance does not cover, up to the amount it would have paid had no other insurance been available. Many military service organizations and associations offer supplemental insurance. Premiums vary depending on the type of coverage chosen. We recommend you obtain information from them and select the plan that best meets your needs. The BCAC at the nearest MTF (any service) can furnish a listing of organizations that offer supplemental insurance

**b) TRICARE Extra**—Beneficiaries who use TRICARE Standard can use a special network of providers for a co-payment of 5 percent less than under TRICARE Standard (20 percent of allowable charges versus 25 percent under TRICARE Standard). This option is called TRICARE Extra. When obtaining care from a provider in the TRICARE Extra network, the beneficiary is not liable for charges above the allowable because network providers charge only the allowable amount. Beneficiaries may choose to use a network provider on a case-by-case basis. For inpatient

care, TRICARE Standard beneficiaries are liable for a set amount per day or 25 percent of billed charges, whichever is less, plus 25 percent of allowed physician charges. For retirees, the annual catastrophic cap on out-of-pocket deductibles and allowable cost shares is \$3,000.

**c) TRICARE Prime**—TRICARE Prime works like a Health Maintenance Organization (HMO). Retired beneficiaries pay an annual enrollment fee of \$230 per person, \$460 per Family. In exchange for their enrollment in Prime, TRICARE Standard deductibles are eliminated. Those who enroll in Prime select a personal Primary Care Manager (PCM) for themselves and each Family member. The majority of Active Duty members/Families will have their PCM in a MTF. Whenever possible, treatment is provided in the MTF. Prime enrollees have top priority in MTFs in the following priority order: 1--Active Duty service members; 2--Active Duty Family members and survivors of military sponsors who died on Active Duty who are enrolled in Prime; 3--Retirees, Family members and survivors enrolled in Prime; 4--Active Duty Family members and survivors not enrolled in Prime; and 5--all other eligible persons. When care is not available in the MTF, the PCM refers the patient to a network of civilian care providers. In addition to the annual enrollment fee paid by members under 65, members receiving care from the civilian provider network pay a small co-payment each time they visit a provider. For retirees, the annual catastrophic cap on out-of-pocket expenses is \$3,000.

**2. Medicare-eligible beneficiaries:** Medicare-eligible beneficiaries (eligible for Social Security Medicare part A and enrolled in Medicare Part B) are covered by TRICARE for Life (TFL). Under TFL:

**a) if services are covered by both TRICARE and Medicare,** Medicare will pay the Medicare allowable amount and TRICARE will pay the cost-share as well as any Medicare deductibles.

**b) if services are covered by Medicare but not TRICARE,** Medicare will pay its normal amount and the beneficiary will be responsible for Medicare deductibles and cost-shares.

**c) if services are covered by TRICARE but not Medicare,** Medicare pays nothing and TRICARE will cost-share as under TRICARE Standard.

### **3. All beneficiaries:**

**a) TRICARE Plus**—TRICARE Plus is a local MTF-based primary care enrollment program. It provides TRICARE-eligible beneficiaries who are not enrolled in TRICARE Prime an opportunity to enroll with their local MTF to receive primary care services. There is no enrollment fee. Beneficiaries are provided with a designated primary care provider at the MTF as their principal source of care for primary care only. Appointments use the same access standards as TRICARE Prime (urgent care, 24 hours; routine care, 7 days). Specialty care is provided at MTFs only to the extent that capability and capacity exist. TFL benefits are not affected by enrollment in the TRICARE Plus program. Specialty care should be sought in the civilian sector. Medicare and TRICARE rules apply to payment of claims. Beneficiaries may wish to contact the TRICARE Service Center or the TRICARE Web site, <http://www.tricare.osd.mil>, to find the name of Medicare or network providers in their locality.

TRICARE Plus is not portable, meaning that TRICARE Plus beneficiaries cannot use their enrollment at another facility.

The availability of TRICARE Plus in a location is based on the local MTF commander's determination of enrollment capacity.

**b) Pharmacy Benefits**—All beneficiaries, regardless of age, are eligible for the following three DoD pharmacy programs. Beneficiaries over 65 must be enrolled in Medicare Part B to be eligible.

- **MTF Pharmacies.** The least expensive option is an MTF pharmacy which requires no co-payment.
- **TRICARE Mail Order Pharmacy (TMOP).** Beneficiaries can get low-priced medications through the TMOP. By mailing a prescription along with payment, the beneficiary can receive up to a 90-day supply of most medications. There are quantity limits and formulary restrictions for some drugs. For more information, go to [http://www.](http://www.tricare.mil/pharmacy/tmop.cfm)

[tricare.mil/pharmacy/tmop.cfm](http://www.tricare.mil/pharmacy/tmop.cfm), or call toll-free, 1-866-363-8667.

- **TRICARE Retail Pharmacy Program (TRRX).** Prescriptions which must be filled immediately can be obtained through TRICARE's retail pharmacy program. By using a network pharmacy, beneficiaries can receive a 30-day supply of medicine for a very small co-payment. To find the nearest local network pharmacy, call DoD's Customer Care Center toll-free 1-866-363-8779, or go online to: <http://www.tricare.mil/pharmacy/retailnetwork.cfm>

**c) TRICARE Retiree Dental Program (TRDP)**—The Federal Services Division of the Delta Dental Plan of California offers the TRDP to uniformed services retirees of all ages (including members of the Retired Reserve under age 60 (gray-area retirees)), certain un-remarried surviving spouses, and their eligible Family members throughout the 50 United States, the District of Columbia, Puerto Rico, Canada, and the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. Enrollment in TRICARE Prime is NOT a requirement to join TRDP. However, please note that upon retirement, a Soldier is no longer eligible for the Active duty dental plan. TRDP is a Preferred Provider program, which means that although you can use any licensed dentist in the covered service area, if you use a network dentist, you will always pay less out of pocket. TRDP offers comprehensive coverage for the most commonly needed and sought-after dental services with the full scope of benefits. Soldiers who enroll within 120 days after retirement get all of the program benefits the first day of the following month, those enrolling after 120 days will have to be in the program for 12 months before there is coverage of major services such as crowns, partials, full dentures and orthodontic treatment. Since TRDP coverage is effective the 1st of the month following enrollment, a retiring Soldier should consider "enrolling" in TRDP the month he/she will lose Active duty coverage, in order to avoid having any uncovered months/periods. For example, if retiring 1 May, consider enrolling during April so that your coverage is effective 1 May.

A frequently asked question pertains to coverage for ongoing orthodontic work. If a Soldier or Family member has orthodontic work in progress on their date of retirement, the number of months remaining in treatment determines what TRDP will pay, if enrolled. TRDP pays a lifetime maximum allowance of \$1,200 (and a 50 percent co-pay).

TRDP premium rates are based on the ZIP code in which the retiree or primary enrollee resides. In addition, monthly premiums are based on three different enrollment options: single-person, two-person, and Family of three or more persons. If you move or change your enrollment option, your monthly premium rate may increase or decrease accordingly. DoD-directed implementation of program changes could also result in further premium rate adjustments. To determine the exact premium rate for your region, call toll-free 1-888-838-8737 or visit the TRDP Web site at <http://www.trdp.org>. The information on this site will introduce you to this unique program, from the rules that determine eligibility and a description of the service area that allows you broad access to coverage, to your options in choosing a dentist and instructions on how to enroll in the program—all designed around a comprehensive scope of benefits to help you and your Family gain and maintain good dental health.





## SECTION D

# DEPARTMENT OF VETERANS AFFAIRS BENEFITS

### 4-1 GENERAL

Soon after you retire, the VA will send you information on benefit programs available to you (based on their receipt of a copy of your DD Form 214). You should check with a local VA representative when you have questions about your entitlements. The VA has certain eligibility criteria based on your period of military service, type of discharge, and percentage of disability, if applicable. The following information highlights some basic VA entitlements, but it is recommended that you obtain individual counseling specific to your situation. Individual counseling is available at any local VA office. Contact them for an appointment. To reach the nearest VA regional office, call toll-free 1-800-827-1000, or go online to <http://www.va.gov>. You should also check your state government's VA Website to see if there are additional benefits offered to you as a state resident.

### 4-2 VA DISABILITY COMPENSATION

Retiring personnel should apply to the VA for a service-connected disability rating. This rating provides the retired Soldier a priority for treatment in the VA medical system; establishes a record for future medical evaluations should your medical condition deteriorate; and could mean you receive a tax-free amount of money to compensate you for medical problems incurred while on Active duty. The VA will assign you a disability rating based on your degree of disability. This can range from 0-100 percent and is always based on increments of 10 percent. Federal law sets VA disability dollar amounts, which range (for a single retiree) in 2007 from \$115 for 10 percent to \$2471 for 100 percent, per month, with additional amounts payable if other conditions are met. Find current VA compensation rates at <http://www.va.gov>; or by calling 1-800-827-1000. These rates typically increase annually, effective 1 December. A 10 percent VA disability rating does NOT mean that you will receive 10 percent of your retired pay from the VA tax-free. Instead, receipt of VA compensation simply reduces, dollar-for-dollar, the amount of retired pay you receive. VA compensation is tax-

free. Exceptions to the usual dollar-for-dollar reduction are payments under the Combat-Related Special Compensation (CRSC) or Concurrent Retirement and Disability Payments (CRDP) programs. See details in section 2-6.

Review your medical records thoroughly and record all medical problems you experienced during Active duty. These problems will form the basis for your medical review by the VA. Depending on your duty station at the time of retirement, you may receive a combined Service/VA physical.

If you are a Gulf War veteran, consider obtaining an examination under the DOD Comprehensive Clinical Evaluation Program (CCEP) or the VA Persian Gulf Registry program.

Vietnam veterans should be aware that there are many illnesses which VA presumes were caused by service in Vietnam between 9 January 1962 and 7 May 1975. If you know of a veteran or surviving spouse or child of a veteran with one of the following illnesses, and the veteran served in Vietnam anytime between 9 January 1962 and 7 May 1975, encourage them to contact the VA immediately to inquire about service-connected disability compensation. The presumptive conditions include:

Respiratory cancers (lung, larynx, and trachea and bronchus, must have developed within 30 years of exposure)

- Hodgkin's disease
- Multiple myeloma (bone marrow cancer)
- Non-Hodgkin's lymphoma
- Soft tissue sarcoma
- Chloracne (must have appeared within one year of exposure)
- Lymphocytic Leukemia (CLL)
- Porphyria cutanea tarda (liver condition)
- Prostate cancer
- Peripheral neuropathy (neurological disorder)
- Spina bifida (in children of veteran)
- Adult onset diabetes

Forms to file your application for VA disability compensation can be obtained from your RSO or

from the VA homepage at <http://www.va.gov>. The application procedure takes some time, particularly given ongoing military operations, but it is extremely important to pursue, as it establishes your record with the VA, and may help your Family establish their eligibility for VA benefits based on your service.

### 4-3 VA HOME LOANS

VA-guaranteed home loans are available to qualified veterans and surviving spouses to purchase, improve, or refinance a house or condominium, and to purchase or refinance a manufactured home. Those eligible must make their own arrangements for loans through the usual lending channels, such as banks, savings and loan associations, building and loan associations, and mortgage loan companies. VA will guarantee up to a certain amount of that loan. Veterans may now negotiate interest rates on VA-guaranteed home loans with lenders. For more information, contact VA

### 4-4 EDUCATIONAL ASSISTANCE

The VA administers a wide variety of programs for retired Soldiers seeking assistance for education and training. These programs include vocational rehabilitation and special training programs for disabled veterans. Retiring Soldiers who were covered under the GI Bill that ended on 31 December 1989 may still be eligible for education benefits under special rules. Contact your local VA office for specific details

### 4-5 SERVICEMEMBERS' GROUP LIFE INSURANCE and VETERANS' GROUP LIFE INSURANCE

Soldiers on Active duty and most reserve Soldiers are covered by Servicemembers' Group Life Insurance (SGLI). This group life insurance program is supervised by the VA. Premium costs, while on Active duty, are extremely low. After you retire, you receive 120 days of free SGLI coverage, and the opportunity to convert SGLI to Veterans Group Life Insurance (VGLI) in an amount equal to or less than the SGLI coverage you had when you left Active duty. Soldiers who are totally disabled for insurance purposes may keep SGLI at no cost for two years after retirement (this changed from one to two years on 15 June 2006). However, application for the free coverage



must be submitted within the first 120 days after retirement. Family members are not eligible to continue Family SGLI (FSGLI) coverage. VGLI costs more than SGLI (and more than some private insurances), but VGLI may be renewed every five years for life without regard to health conditions. The VGLI premium increases every five years at renewal time, and is based on your nearest age at the time of renewal. To see the premium schedule, go to: <http://www.insurance.va.gov/sgliSite/VGLI/VGLI%20rates.htm>. Again, coverage under VGLI is guaranteed regardless of your current health. This is an important feature, especially for Soldiers who are uninsurable because of disabilities or other health-related problems. VGLI may be canceled at any time, or converted to a commercial insurance product (whole life only) without proof of insurability. Upon request, the VA will furnish a listing of insurance companies that will convert VGLI. You can find that list at: <http://www.insurance.va.gov/sgliSite/conversion/convertingVGLI.htm>.

#### 4-6 VA MEDICAL CARE

Provided there is adequate funding, the VA will provide no-cost hospital and outpatient care as well as pharmacy benefits to former Soldiers who receive VA disability compensation, are former Prisoners of War, have an illness possibly resulting from exposure to Agent Orange or environmental hazards in the Persian Gulf, or have low incomes under VA criteria. All others may receive treatment to the extent resources and facilities are available, but co-payments will be required. Family members are not entitled to VA health care.

Soldiers retiring today should enroll in the VA health care system as soon after retirement as possible, although enrollment can be done at any time in the future. Early enrollment will help the VA for planning purposes. Once enrolled, a veteran is placed in one of eight enrollment priority groups, with Group 1 being the highest priority for enrollment (Note: Enrollment priority group 8 currently remains closed to new retirees.). Some veterans may have to agree to pay co-payments to be placed in certain priority groups. A veteran may be eligible for more than one enrollment priority group, in which case, the VA will always place

you in the highest priority group you are eligible for. The VA will provide care to as many groups as possible, depending on the availability of medical funding. VA automatically renews enrollment annually unless funds are not available to treat a particular priority group, in which case VA will notify members of that group of their inability to provide treatment for the following year. You can also find out more about enrollment priority groups at: <http://www.va.gov/healtheligibility/eligibility/PriorityGroups.asp>

Retired Soldiers are not placed into a special category; they are treated as veterans. Medical care is based on the capabilities of the VA facilities in your local area. Eligibility for care is based on your status as determined by VA eligibility criteria. Your local VA office can provide more specific information and help determine your entitlements under the VA medical system. You'll find contact information for your local VA office in the blue government pages of your phone book; or you can search online by ZIP code and state at: <http://www1.va.gov/directory/guide/home.asp?isFlash=1>

#### 4-7 VA DENTAL CARE

Within 90 days of your retirement, the VA will treat, on a space-available basis, retired Soldiers who have dental conditions that were documented as ongoing at time of retirement. However, if you received complete dental treatment from the military in the 90 days preceding your retirement, you have no VA dental care eligibility following retirement. Your DD Form 214, Record of Release from Active Duty, will note whether or not you are eligible to obtain VA's space-available dental treatment. Once VA provides the space-available dental treatment, your eligibility for dental treatment from the VA stops, except under certain conditions. Obtain more details at a pre-retirement briefing or from the VA by calling toll-free 1-800-827-1000; or going online to <http://www.va.gov>.







## SECTION E

# SOCIAL SECURITY

### 5-1 GENERAL

Soldiers with 10 or more years of Active duty are fully insured for Social Security purposes. NOTE: Social Security benefits are not reduced because of entitlement to retired pay or vice versa. You are able to receive a Social Security retirement benefit as early as age 62. Full benefits may be drawn at age 65 or later, depending on your birth year. Spouses, surviving spouses, former spouses (married to the member for at least 10 years), and minor children are also eligible to receive benefits on your Social Security work record. The Social Security Administration (SSA) mails annual benefit estimate statements to all beneficiaries 25 years of age or older. You can also obtain an estimate of your Social Security earnings by contacting Social Security toll-free at 1-800-772-1213, or online at: <http://www.ssa.gov>. If your spouse qualifies to receive a local, state or federal retirement annuity from work not covered by Social Security, please read about the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) on the SSA homepage. A surviving spouse loses eligibility for survivor Social Security benefits if she/he remarries before age 60.





## SECTION F

# SURVIVOR BENEFITS

### 6-1 GENERAL

You have probably already heard about the Survivor Benefit Plan (SBP). You may have gotten your information from a variety of sources: retired Soldiers; friends; insurance agents; and other well-intentioned individuals. Unfortunately, not all of your “advisors” will provide correct information. You are encouraged to keep an open mind and obtain all the facts from the best informed advisor available to you—your Retirement Services Officer (RSO). A listing of RSOs is available at <http://armyg1.army.mil/retire>.

Additionally, Army Reservists may contact AHRC-St. Louis, ATTN: AHRC-PAP-T, One Reserve Way, St. Louis, MO 63132-5200, or call 1-800-318-5298 for assistance. Army National Guardsmen may contact their state Guard headquarters to speak to the person assigned responsibility for retirement services matters. That individual has current data on SBP and can accurately outline SBP’s benefits and costs to you.

Participation in SBP is not a subject to be taken lightly. It is a serious matter and needs your serious attention. The decision you and your spouse make could impact greatly your Family’s financial future and is likely the most important retirement-related decision you’ll make. Your election is generally permanent and irrevocable.

### 6-2 SURVIVOR BENEFIT PLAN (SBP)

SBP was established by Public Law 92-425 on 21 September 1972. It was designed to provide a monthly annuity to eligible survivors after a retired Soldier’s death. **RETIRED PAY STOPS WITH THE DEATH OF THE RETIRED SOLDIER.** If the retired Soldier has not elected SBP coverage, no continuing benefits are payable to the surviving Family members. In short, SBP provides income protection for survivors of retired Soldiers. If you and your spouse will depend wholly or in part upon your retired pay to live, it is very probable your surviving spouse will need to receive a portion of that retired pay after you die. SBP is a cost-sharing program between the government and the retired Soldier, with the government subsidizing the cost.

The original premise was to provide survivor benefits when Social Security was not yet payable and to supplement Social Security when it was payable. Before age 62, spouse annuitants received 55 percent of the retired Soldier's covered amount of retired pay. After age 62, the annuity was paid through a combination of the SBP (35 percent) and military-earned Social Security. However, a recent law change is incrementally increasing (from 1 October 2005 through 1 April 2008) the post-age 62 annuity amount, so that, effective 1 April 2008, the spouse SBP benefit is 55 percent, regardless of age. The post-age 62 benefit is being increased from 35 to 55 percent as follows: 1 October 2005, 40 percent (completed); 1 April 2006, 45 percent (completed); 1 April 2007, 50 percent (completed); and 1 April 2008, 55 percent.

Please note, and it is worth repeating, SBP IS INCOME PROTECTION; IT IS NOT LIFE INSURANCE; it is not a savings plan; it is not an investment program; and it is not available through a commercial or private company. It does not replace life insurance but could be supplemented by life insurance. Each individual's financial situation is different. It is impossible to address in a document like this all the variables each Soldier can have. However, your RSO/unit technician can address your individual questions. Take a few minutes, schedule an appointment with the RSO, give the RSO an opportunity to explain the program, and make a decision that best meets you and your Family's needs.

Consider in your decision that numerous independent studies on SBP, conducted by government agencies, private industry actuaries, and even commercial insurance companies, have concluded that, "For most retired Soldiers, SBP is the most financially advantageous option." Unlike a private company, the government cannot go out of business or file for bankruptcy and leave you with nothing. Remember that SBP is government-subsidized and inflation-protected. SBP costs are not based on your age, your state of health, or on economic forecasts. SBP costs do not include costs to advertise, to make a profit, to pay a salesperson's commission, to pay stock dividends, to build new company buildings or to support an investment

portfolio. SBP is cost-of-living-adjusted to keep pace with inflation. It provides a tax shelter since costs are tax-free (i.e., deducted from retired pay before income taxes are calculated). SBP is guaranteed by the U.S. Government and it is payable for the lifetime of the surviving spouse. Beginning 1 October 2008, SBP will be even more attractive, in that premiums will stop for those who reaching age 70 and paying premiums for 30 years (360 months) at a specific base amount and for a specific category. Additionally, there is a one-year window between the 25th and 36th month following commencement of retired pay to terminate SBP participation, with spouse consent.

The bottom line is this: Get SOMETHING to provide financial support for your loved ones when you're gone. Because of its many positive features, we strongly recommend you make SBP the foundation of your Family's financial support package. Take the time to read the following information on SBP in order to make an informed decision

### 6-3 BASIC SBP QUESTIONS ANSWERED

#### **What is SBP and why was it created?**

Congress created the Uniformed Services Survivor Benefit Plan (SBP) in 1972 to put an end to the category of destitute survivors. SBP is the sole means by which survivors can receive a portion of military retired pay. Without it—retired pay stops with the death of the retired Soldier!

SBP is intended to guarantee that there always will be at least 55 percent of military retired pay available to a surviving spouse. It was never intended to protect a retired Soldier's total estate, however, it is a strong "income protection" plan which provides a guaranteed inflation-adjusted income to eligible survivors.

#### **Is SBP impacted by receipt of Social Security?**

That was its original design – to supplement military-contributed Social Security benefits. However, recent legislation phases in, over 2-1/2 years, an increase to the SBP annuity. As of 1 April 2008, SBP will pay a 55 percent annuity to a surviving spouse forever, without regard to age or Social Security entitlement.

### What is SBP's greatest advantage?

SBP's #1 advantage is the fact that it is cost-of-living-adjusted to keep pace with inflation. This feature helps keep the SBP annuity's purchasing power in step with tomorrow's dollar value. It is a permanently increasing product in that all features of the plan are increased by the same percentage as is a retired Soldier's retired pay. Therefore, the ratio of cost to benefit remains constant.

### Who can be a beneficiary in SBP?

There are six election categories: (1) spouse; (2) spouse and children; (3) children only; (4) former spouse; (5) former spouse and children; and (6) natural person with an insurable interest.

#### Details of each category include:

**#1: Spouse.** A surviving spouse is the spouse the retired Soldier is married to when they die. If they marry after retirement, the marriage must last at least one year or there must have been a child born of that spouse. Benefits are paid until the spouse dies, but stop upon remarriage before age 55 (and can be resumed if that remarriage ends by death or divorce).

**#2: Spouse and Children.** The spouse is the primary beneficiary, with eligible children receiving the annuity only if the spouse dies or remarries before age 55. The 55 percent annuity is divided equally among the eligible children. Eligibility ends for a child at age 18, or 22 if full-time, unmarried college student; and does not end for one who is incapacitated during the eligibility age window.

**#3: Children Only.** Eligible children are the primary beneficiaries. Eligibility ends for a child at age 18, or 22 if a full-time, unmarried college student; and does not end for one who is incapacitated during the eligibility age window. If the retired Soldier dies while a child is eligible, the 55 percent annuity continues until the child exceeds the age of eligibility. "Eligible children" includes adopted children, stepchildren, foster children and recognized natural children who live with the retired Soldier in a regular parent-child relationship. Children of all marriages are eligible beneficiaries. A child election offers excellent protec-

tion for incapacitated children, since the 55 percent annuity is payable to them for life. The mental or physical incapacity must have been incurred while in the age of eligibility.

**#4: Former Spouse.** This option may be elected voluntarily, or be required by a divorce agreement. Former spouse costs and benefits are identical to those for spouses. Remarriage limitations also apply.

**#5: Former Spouse and Children.** This is identical to the "spouse and children" option in costs and benefits, except that only children of the marriage to the former spouse are eligible beneficiaries.

**#6: Natural Person with an Insurable Interest.** If a retired Soldier is unmarried with no children or one dependent child, this option may be selected. The "natural person" must be someone with a financial interest in your life. Examples are a close relative or a business partner.

**NOTE:** If retiring for disability and death occurs within one year of retirement for a cause related to the disability for which retired, Insurable Interest election is invalid with the exception of Insurable Interest elections made for a Family member authorized a Military Dependent ID Card. Premiums paid will be refunded to designated beneficiary. This provision does not apply to length-of-service retired Soldiers

### What is a "base amount?"

This is the dollar amount of retired pay on which you base your participation. It can be any amount between \$300 per month and your full retired pay.

### What are the costs and benefits of SBP?

While on Active duty, ALL Soldiers are automatically enrolled in SBP at no cost until date of retirement, at which time the following tax-free, government-subsidized costs apply.

**Spouse (or Former Spouse):** The cost is 6.5 percent of the base amount. For example, with a base amount of \$1,000 per month, the cost for spouse coverage is \$65. Currently, the annuity amount is 55 percent of \$1,000 (or \$550) until age 62; and after age 62 the annuity percentage will increase incrementally from 35 to 55 percent during the period 1 October 2005 through 1 April 2008. After 1 April 2008, the SBP annuity will be 55 percent for all, regardless of the annuitant's age.

**Spouse (or Former Spouse) & Children:** The spouse's portion of this election costs 6.5 percent of the base amount. The children cost portion is based on the ages of the Soldier, the spouse, and the youngest child. The cost is very low, given typical ages.

**Presumed Supplemental SBP (SSBP):** Effective 28 October 2004, retiring Soldiers can no longer elect SSBP in order to increase the post-age 62 SBP benefit from 35 percent to 55 percent (in 5 percent increments). All Soldiers retiring 28 October 2004 or later who elect Spouse or Former Spouse SBP with full base amount will have presumed full SSBP at no cost through 1 April 2008. Beginning 1 April 2008 the Spouse and Former Spouse annuity will be 55 percent without regard to the annuitant's age.

**NOTE:** If one is retiring for disability and death occurs within one year of retirement for a cause related to the disability for which retired, presumed SSBP is invalid.

**Children Only:** The cost is based on the retired Soldier's age and youngest child's age. For example, using a \$1,000 base amount, with the retired Soldier being 42 and the youngest child 10, the child cost is \$2.30. Children are the only beneficiaries in this option. Eligible children equally divide the 55 percent benefit.

**Natural Person with an Insurable Interest:** Full retired pay must be the base amount in this option. Cost is 10 percent of full retired pay, plus 5 percent for each full five years younger the beneficiary is than the retired Soldier, with a cap of 40 percent of retired pay. **NOTE:** This option can be cancelled at any time

following retirement. The annuity is 55 percent of retired pay minus the SBP premium, and is payable for life. Should the retired Soldier gain a spouse or child in the future, insurable interest coverage may be canceled in favor of one or both of them within one year of acquisition.

**NOTE:** If retiring for disability and death occurs within one year of retirement for a cause related to the disability for which retired, an Insurable Interest election is invalid with the exception of Insurable Interest elections made for a dependent who is authorized an Identification and Privilege Card as a military dependent. Premiums paid will be refunded to the designated beneficiary. This provision does not apply to length-of-service retired Soldiers.

**NOTE:** Since Oct. 17, 2006, a retiree may within 180 days of the death of their insurable interest beneficiary elect in writing to cover a new natural person insurable interest beneficiary. The retiree must live two years from the effective date of the election for the it to be valid. If the member dies before the end of the two-year period, the election is invalid and all premiums paid for the coverage since the new election's effective date will be paid in a lump sum to the person who was the intended beneficiary. The member's premium for the new insurable interest election will be based on the age of the new beneficiary. It will include the total additional amount by which the retired pay of the member would have been reduced before the effective date of the election if the original beneficiary had not died, and had been covered under the plan through the date of the election, and had been the same number of years younger than the new beneficiary plus interest.

#### **Additional cost-related information.**

Public Law 107-107, 28 December 2001, expanded the eligibility for SBP to include ALL members, not only retirement-eligible members. Line of duty (LOD) considerations apply; and the law applies to deaths on Active duty occurring since 10 September 2001. There is no cost for this participation while the member serves on Active duty.

### Can an election be changed?

Elections are generally permanent and irrevocable. However, since 17 May 1998, a member is able to disenroll from the Plan during a one-year period between the 25th and 36th month following start of retired pay. Written spouse concurrence is required, and if a former spouse election is made in accordance with a court order, a change to the court order is required. No costs are refunded, as coverage has already been received. No future enrollment is allowed. Premium deductions from retired pay continue as long as there is an eligible beneficiary. Costs are suspended if a spouse is lost to death or divorce. If a spouse is acquired subsequently, and the member had previously enrolled in spouse coverage, SBP coverage automatically resumes for the new spouse at the first anniversary of the marriage unless a written request to decline resumption is made by the retired Soldier before that date. Child costs stop when the youngest child is ineligible. **NOTE:** SBP elections are made by category, so the choice you make for your eligible beneficiaries at retirement applies to all future beneficiaries. For example, if you are married and decline coverage for your spouse at retirement, and subsequently remarry, you may not enroll your new spouse—the spouse category is closed to you. The same applies to child coverage. If you have eligible children for whom you decline coverage, you may not cover future children.

### Does my spouse have to agree with my election?

**Yes**, as follows. If you: (1) cover less than full retired pay; (2) cover children only; or (3) decline coverage. In these cases, the spouse's written concurrence must be provided prior to retirement, or the SBP election is automatic full spouse coverage.

### What happens to my spouse coverage if I divorce after retirement?

Spouse coverage will be suspended when the retired pay center is provided proof of divorce. Notify them immediately upon divorce. If the court has ordered “former spouse” coverage, the retired Soldier has one year from the date of divorce to make a written request to change the election from “spouse” to “former spouse” in order to comply, or may do it voluntarily

without a court order. The former spouse has the same one-year period to request that a former spouse election be deemed if court-ordered or part of a written agreement.

### Is SBP a good value?

The subsidy, tax-free costs, COLA treatment, and 55 percent annuity structure (fully implemented 1 April 2008) make this a good buy for most male retired Soldiers. Female Soldiers may wish to use the Actuary's valuation software when considering their enrollment. It's found at: <http://www.defenselink.mil/actuary/>.

## 6-4 SBP'S PERCEIVED NEGATIVES

Retired pay stops when you die! The Survivor Benefit Plan (SBP) is the sole means for you to continue a portion of military retired pay to your survivors. The decision must be made at retirement from military service and is a critical one, given its life-time impact on the Family's financial well-being.

### The cost of SBP increases.

**True**, but the relative cost remains constant. Retired pay, SBP costs and SBP annuities are increased at the same rate as the retired Soldier cost-of-living adjustment (COLA). Also important is the designed government subsidy, or cost-share.

### I can buy more private insurance at less cost than SBP.

The key here is that this statement may be true in the beginning (i.e., the first several years after retirement). The SBP decision is for a LIFETIME. The indexing of retired pay gives SBP a lot of value “down the road” which private insurance can't offer or guarantee. You can get a true picture of the long-term, extended costs and benefits by asking your RSO for an actuarial valuation and comparison of SBP versus term insurance, also available at <http://www.armyg1.army.mil/retire>.

### SBP doesn't have cash value and I can't borrow against it.

**True.** When a product offers cash value buildup, you pay plenty for it. SBP is an income protection program that is often compared to term life insurance. Term



insurance is temporary protection purchased to protect a known risk for a known period of time. Cost rises or benefits decrease with age. SBP should, in fact, be likened to permanent, increasing term protection at a constant cost that cannot be outlived by the recipient.

### **The SBP annuity is taxed.**

**True,** but remember this important aspect—the premiums are TAX-FREE. The tax-free benefit is realized as you pay, since the premiums are deducted from retired pay before taxable income is calculated. This lowers your income tax obligation at a time when Family income (and tax bracket) is normally the highest. The surviving spouse's tax bracket is normally significantly lower than when the retired Soldier was alive.

### **No money is returned if my spouse dies first.**

**True.** You have, however, gotten what you paid for—protection—in the form of a degree of financial security for your spouse had you died first. Your car insurer does not return money if no accident occurs. Why? Because you paid for protection you received. SBP is similar, but is also tax-advantaged, government-subsidized, and COLA adjusted. If the possibility of getting no money back upon your spouse's death really bothers you, one simple way to minimize or eliminate that is to insure your spouse's life. In fact, you could use the tax savings offered by SBP to purchase the policy. Also don't forget the fact that SBP elections are made by "category," so upon the loss of your spouse the costs are suspended. And, if you remarry in the future, you have one year to either resume coverage (still at 6.5 percent) or decline to resume. With commercial insurance, your new spouse's age, health, pre-existing conditions, etc., would determine the cost of new protection.

### **There is no residual estate for my children when my spouse dies.**

**True.** SBP was never intended to be an inherited benefit, instead it continues a portion of the retired pay to a beneficiary, primarily a spouse. However, eligible children can be designated as primary or alternate beneficiaries. Insurance, savings and investments are products designed to provide assets for a residual estate. SBP offers the best inheritance you can give your children—a financially independent parent.

### **SBP costs are excessive compared to benefits received.**

**Not true.** You get what you pay for. Lower costs do not necessarily mean greater benefits. Some commercial plans have a "termination date"—a maximum period for which benefits will be paid. Others have a "fixed starting date"—a date before which no benefits are paid. SBP has none of these restrictions. One of the most important features of SBP is that the annuitant cannot outlive it. Consider these facts based on a male retired officer age 45, with a spouse age 42. Forty percent of the surviving spouses could survive as long as 22 years following the retired Soldier's death; 50 percent—19 years; and 70 percent—15 years. With no portion of retired pay continued through SBP, it is likely that there would be a period of time when the surviving spouse would not have sufficient income to meet basic needs. SBP is guaranteed for the surviving spouse's lifetime, however long (although it is suspended if remarriage occurs before age 55). **NOTE:** Female retired Soldiers should consult with an RSO in considering their mortality prospects compared to their husband's.

**NOTE:** A law will become effective 1 October 2008 that makes SBP "paid-up" (i.e., no future premiums owed, but an annuity payable) for the member who reaches age 70 and has made 360 monthly payments.

### **SBP cannot be tailored to meet my individual needs.**

**Not true.** Continual attention under SBP is not necessary because SBP automatically adjusts the base amount covered and annuity amount payable through COLAs. Tailoring to individual needs was accomplished when the Soldier's retired pay was calculated. Since SBP is an extension of retired pay, the tailoring is built in, and is enhanced by the tie to the retired pay COLA percentage. Flexible, tailored plans for individuals often cause confusion and make comparisons of two or more plans difficult. SBP requires no periodic review, whereas commercial plans require continual adjustment as the economy changes.



**Once I'm enrolled, I'm in forever.**

**Not true**, since May 1998. Now, retired Soldiers may disenroll from SBP during the one-year period between the 25th and 36th month after retired pay starts. Written spouse concurrence is required to terminate coverage; no costs are refunded; and no future re-enrollment is permitted.

**I paid for a 55 percent benefit which is reduced to 35 percent at age 62.**

**SBP becomes a level-tier benefit plan as of April 1, 2008.** During the period 1 October 2005 to 1 April 2008, the two-tier (55/35) benefit structure is being incrementally phased out. Starting 1 October 2005 the post-age 62 benefit amounts increase as follows: 1 October 2005 – 40 percent (completed); 1 April 2006 – 45 percent (completed); 1 April 2007 – 50 percent (completed); and 1 April 2008 – 55 percent.

Hopefully, the facts provided in this guide will help you make an informed decision. Because the SBP decision has such a tremendous impact on your total estate planning, you should request individual, in-depth counseling from your installation RSO, and avail yourself of all the material, including the valuation program, that is online at: <http://www.armyg1.army.mil/retire>.

## **6-5 THE RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP)**

RCSBP was created by Congress on 1 October 1978. It is discussed in the “Reserve Component Retirement System” section of this guide





## SECTION G

# UNIFORMED SERVICES FORMER SPOUSES' PROTECTION ACT

### 7-1 GENERAL

This section offers a general discussion of the Uniformed Services Former Spouses' Protection Act (USFSPA) in three areas: division of retired pay; Survivor Benefit Plan (SBP); and military Identification (ID) and Privilege Cards. It is not a legal brief nor does it state a legal position. It cannot be used as evidence of intent, interpretation or precedent in any legal action. The points made are not designed to answer detailed questions concerning individual cases. Individuals impacted by the USFSPA should consult a military or civilian attorney for more information.

### 7-2 BACKGROUND

The 1981 landmark case, *McCarty v. McCarty*, brought the issue of whether or not a court could consider military retired pay as marital property and order a division of it, to the U.S. Supreme Court. The Court ruled that retired pay could not be divided as community property without Congressional authorization. Shortly afterwards, in 1982, Congress provided that authority by enacting Public Law 97-252, known as the Uniformed Services Former Spouses' Protection Act, or USFSPA. With that, the stage was set for the ongoing debate over various USFSPA provisions, brief summaries of which follow.

### 7-3 DIVISION OF RETIRED PAY

The USFSPA granted two main authorities:

1. That state courts may treat military retired pay as they would other marital property to permit a qualified division; and,
2. That the appropriate government agency, Defense Finance and Accounting Service—Cleveland (DFAS-CL) could make direct payments to former spouses under certain conditions.

**No Automatic Entitlement:** The USFSPA does not provide for an automatic entitlement to a division of military retired pay. For example, a couple may have been married throughout a full military career, yet the USFSPA does not compel a state court to award a division of retired pay to the former spouse.

**Enforcement:** The USFSPA affords the retired Soldier protection in that even when payments are court-ordered, direct payments for former spouses cannot be made unless the parties were married to each other for at least 10 years, during which time the member performed at least 10 years of creditable military service. To illustrate, marriages need not meet the condition that there was 10 years of marriage that overlapped with military service in order for the state court to direct that retired pay be divided. However, the Defense Finance & Accounting Service – Cleveland Center (DFAS-CL) will not make direct payments to the former spouse if these two requirements are not met. Payments would have to be established privately.

**Child Support or Alimony:** The requirement that there is 10 years of marriage that overlaps with service does not apply to direct payment of child support or alimony.

**Limitations:** The court order will not be honored by DFAS-CL unless the court issuing the order held jurisdiction over the member. This jurisdiction requirement, however, does not apply to child support or alimony.

Further, regardless of the award made by the state court, the government restricts direct payment to the former spouse to 50 percent of the member's "disposable" retired pay. The exception to this is in enforcement of child support garnishment orders, which can raise the direct pay amount to a total of 65 percent of disposable pay.

**Disposable Pay:** Disposable pay is the product of the gross retired pay entitlement minus the following:

- Amounts owed by the member for previous overpayments or recoupments;
- Amounts deducted for court martial fines;
- Amounts waived under Title 38, US Code, for VA disability compensation;
- Survivor Benefit Plan (SBP) premiums (only if the former spouse to receive the pay division is also the named former spouse SBP beneficiary);
- (For post-14 November 1986 court order dates): Amounts of retired pay based on disability (per Title 10, Chap. 61);

- (For pre-3 February 1991 court order dates): Amounts owed the U.S.;
- (For post-3 February 1991 court order dates): Amounts withheld for federal and state income taxes, consistent with the member's tax liability.

**Application Procedure:** Only the former spouse or the former spouse's attorney can apply for direct pay under the USFSPA, using a DD Form 2293 (Application for Former Spouse Payments from Retired Pay). The member cannot. Once the process is successfully completed, payments to the former spouse begin within 90 days, in accordance with the normal retired pay cycle. If the member is not yet retired, payments begin within 90 days after date of retirement.

**Former Spouse Remarriage:** Remarriage by the former spouse does not cause the former spouse to lose entitlement to receive direct payment of retired pay which was awarded as property, unless so specified by the court.

## 7-4 SURVIVOR BENEFIT PLAN (SBP)

**Voluntary or Court Ordered:** Since 14 November 1986, state courts have been permitted to order a member to participate in SBP for the member's former spouse. This pertains both to Active duty members who can be ordered to elect former spouse coverage at retirement, and to retired Soldiers enrolled with spouse coverage. Courts cannot order a retired Soldier to provide former spouse coverage unless the member had previously made a spouse election for them.

**Similarity to Spouse Coverage:** When divorce occurs after retirement, former spouse coverage will be in the same amount as spouse coverage. In Active duty divorces, the specific level of coverage to be elected should be directed by the court order.

**Loss of Eligibility:** If the former spouse remarries before age 55, SBP eligibility is lost, and participation is suspended, with no costs owed during the period of ineligibility. However, if that remarriage ends, eligibility is restored, participation is resumed and costs are owed. Marital status changes must be reported to DFAS-CL immediately.

**General Irrevocability:** Elections are generally permanent with the following exceptions:

**Disenrollment Option:** A retired Soldier with a former spouse election can disenroll between the 25th and 36th month after the start of retired pay. If the former spouse election was voluntary or made based on a written agreement that was not incorporated into a court order, former spouse written concurrence must be provided in order to discontinue participation in SBP. If the former spouse election was court-ordered, or an agreement to make the election was incorporated into or ratified/approved by a court order, the member must furnish a certified valid court order modifying the provisions of all previous court orders in order to terminate former spouse SBP. Former spouse written concurrence is not required in this instance.

**Retired Soldier's Remarriage:** If the retired Soldier remarries, former spouse coverage may be changed to spouse coverage at anytime IF the following occurs:

- If the former spouse election is court-ordered, or an agreement to make the election is incorporated in or ratified or approved by a court order, the member furnishes a certified valid court order modifying the provisions of all previous court orders relating to the election.
- If the former spouse election is the result of a written agreement which is NOT incorporated in or ratified or approved by a court order, the former spouse provides written concurrence with the change of election.
- If the former spouse election is purely voluntary, with no written agreement existing, the former spouse is notified.

**Deemed Elections:** A former spouse has one year from the date of the court order to make a written request to DFAS-CL for a deemed former spouse election. NOTE: Providing DFAS-CL a copy of the divorce decree does not constitute a request for a deemed election. By law, a written request must be made. Former spouses are advised to take this action, both when the divorce occurs while the member is on Active duty, and after retirement. It is the only

way that a former spouse election will be made if the member fails to comply with the court order within one year. All members are similarly advised to voluntarily request in writing that former spouse coverage be implemented if court-ordered, so as not to be in contempt of court.

**Two Common Errors:** Some SBP participants mistakenly believe that SBP elections are made by the individual, rather than by category. The result of that belief often is that a member fails to notify DFAS-CL of a divorce, assuming that coverage will continue for that person by name. Or, if notification is made, the required written request is not, and thus the election category is not changed from "spouse" to "former spouse". Costs continue to be withheld (for a nonexistent spouse beneficiary), and the retired Soldier assumes that continued cost for continued coverage. Too often, the grim discovery following the retired Soldier's death is that no valid election exists and no annuity is payable, or if payable, it is to a current spouse. By the same token, many former spouses are unaware that simply providing the divorce decree to DFAS-CL is not a request for a deemed election. Again, by law, a written request must be made within one year after the date of the court order. Failing that timely action, future inquiry will reveal an invalid former spouse election, if it was not accomplished by the retired Soldier.

## 7-5 MILITARY IDENTIFICATION AND PRIVILEGE CARDS

The USFSPA and its subsequent amendments authorize military benefits to certain former spouses.

Minimum Eligibility Requirements: ALL of the following criteria must be met in order to receive a military ID card:

- Marriage of at least 20 years
- Creditable service of at least 20 years
- Marriage and service overlap of at least 15 years
  - If overlap is at least 20 years—full privileges
  - If overlap is at least 15, but less than 20, years—medical care only for one year from divorce. After one year, enrollment in a premium-based, temporary transitional health care program, "Continued

Health Care Benefit Program” (CHCBP), is available to a former spouse who does not have employer-sponsored coverage. NOTE: Former spouses in this category, whose divorces were finalized on or before 2 April 1985 were granted indefinite medical benefits.

Call your nearest military ID card office for additional information on this topic or go to: <http://www.armyg1.army.mil/rso/docs/FSPA/usfspa.doc>; and <http://www.dfas.mil/militarypay/garnishment.html>.

If legislation is enacted that changes the USFSPA, information about the changes will be disseminated using all available means.



## SECTION H

# RESERVE COMPONENT RETIREMENT SYSTEM

### 8-1 GENERAL

If you are a U. S. Army Reserve or National Guard member, you must meet the following minimum requirements to be eligible for retired pay at age 60:

- be at least 60 years of age; and
- have performed at least 20 years of qualifying service computed under Section 12732, Title 10, United States Code; and
- have performed the last eight years of qualifying service while a member of the Active Reserve if the 20th qualifying year was attained on or before 4 October 1994; have performed the last 6 qualifying years in the Reserve Component (RC) if the 20th year was attained between 5 October 1994 and 31 December 2001; have performed the last 8 qualifying years in the RC if the 20th year was attained between 1 January 2002 and 30 September 2002; have performed the last 6 qualifying years in the RC if the 20th year was attained between 1 October 2002 and 25 April 2005. **NOTE:** The 6-year rule was eliminated, effective 26 April 2005. This change was not grandfathered.
- not be entitled, under any other provision of law, to retired pay from an armed force or retainer pay as a member of the Fleet Reserve or the Fleet Marine Corps Reserve; and,
- must apply for retired pay by submitting an application to the branch of service you were assigned to at time of your discharge or transfer to the Retired Reserve. For those serving in the Army National Guard or Army Reserve, the address is Commander, Army Human Resources Command—St. Louis, ATTN: AHRC-PAP-T, One Reserve Way, St. Louis, MO 63132-5200.

AHRC-St. Louis processes applications for age 60 Reserve retirement for the Army Reserve and Army National Guard. Soldiers eligible for age 60 Reserve retirement are mailed an application packet during the month prior to their 58th birthday. These packets include instruction sheets and all of the forms necessary to process your retirement. Packets are mailed to your address listed in the reserve database (TAPDB-R). AHRC-St. Louis recommends, in accordance with Title 10, United States Code (USC), Section



10205, and Army Regulation (AR) 135-133, that all Soldiers maintain a valid address so you may promptly receive your benefits and entitlements. **NOTE:** Once the retirement order is published, it will not be revoked. Therefore, you should apply for and receive confirmation of any extension of service beyond age 60 PRIOR to applying for retirement.

## 8-2 RETIREMENT POINTS ACCOUNTING SYSTEM (RPAS)

Before 1982, there was no centralized or automated capture and storage of accumulated points for members of the USAR. Each year's points for Troop Program Unit (TPU) Soldiers were recorded and filed in their Military Personnel Records Jacket (MPRJ). The Soldier received an annual automated data processing punch card, which recorded the previous retirement years' (RY) earned points.

The Reserve Component Personnel and Administration Center (now Army Human Resources Command—St. Louis, or AHRC-St. Louis) eventually developed a semi-automated system for capturing and storing points for members of the Individual Ready Reserve (IRR), but even that system did not accumulate points beyond the latest RY. A complete records audit was required each time it was necessary to determine how many qualifying years and/or total points a member of the RC had accumulated.

In 1981, the Retirement Points Accounting System (RPAS) was created. It is an automated system that annually accumulates and verifies retirement points data for each Reserve Soldier. With RPAS, errors can be corrected easily while the information needed to correct them is still available. RPAS goals include:

- Providing an accurate, annual record of military service and participation for Army Reserve (USAR) Soldiers
- Providing an automated 20-year letter to each USAR Soldier upon qualification
- Eliminating annual reporting of paid attendance and school completion by USAR units
- Providing a valid data source for use by DoD in projecting future retirement costs

**NOTE:** AHRC-St. Louis recommends you keep your retirement points updated and that all corrections be processed prior to reaching your 58th birthday. If you are a unit member, have your unit technician update your points. If you are in any status other than a unit member, you must contact the appropriate Regional Support or Branch/MOS Team at AHRC-St. Louis to update the RPAS.

## 8-3 QUALIFYING YEAR

As a Reserve or National Guard Soldier, you must have 20 qualifying years of service to be eligible for retired pay at age 60. A qualifying year is a complete year during which you earned a minimum of 50 retirement points. For a full explanation of how retirement years are established, see AR 140-185, Training and Retirement Point Credits and Unit Level Strength Accounting Records, at: [http://www.apd.army.mil/pdf-files/r140\\_185.pdf](http://www.apd.army.mil/pdf-files/r140_185.pdf); or contact your Unit Technician, Regional Support Team, or AHRC-St. Louis.

This subject is too complex to be explained effectively in a publication of this nature. In general terms, however, a Soldier establishes a retirement year ending (RYE) date by entering the service. The date you enter the Active Reserve is your retirement year beginning (RYB) date. As long as you have no break in service, your RYE will be one year later. For example, a Soldier who joins the Active Reserve on 2 July 1986 would have a RYB of 2 July 1986 and a RYE of 1 July 1987.

## 8-4 MAXIMUM POINT RULE

Soldiers may accumulate a total of 365 points per year (366 in a leap year) from inactive and Active duty service. However, for retired pay calculation purposes, the following three dates are used regarding maximum points allowed per year::

- **Effective 31 October 2000: 90**
- **Effective 23 September 1996: 75**
- **Prior to 23 September 1996: 60**

Currently, you are allowed a maximum of 90 points per year between Inactive Duty for Training (IDT), extension courses, and membership points. There is no grandfathering or recalculation of retirement pay authorized.

## 8-5 COMPUTATION OF RETIRED PAY

To determine how much retired pay you may be eligible to receive at age 60, the first step is to calculate the number of equivalent years of service. The formula for computing equivalent years of service for retired pay is simple:

### **Total Creditable Retirement Points divided by 360**

This formula computes the number of equivalent years of service the Soldier has completed (comparable to full-time service). For example, 3,600 points equals 10 years.

AHRC-St. Louis will notify the Defense Finance and Accounting Service—Cleveland Center (DFAS-CL) of the number of years service you have earned. RC members who transfer to the Retired Reserve until age 60 will be credited for basic pay purposes only with the years spent in the Retired Reserve. RC members who separate or are discharged from the Retired Reserve before age 60 will be credited for basic pay purposes only with the years before their discharge/separation.

NOTE: Separating/discharging rather than transferring to the Retired Reserve will impact your retired pay and should be carefully considered.

Depending on the date you initially entered military service, your DIEMS date (see paragraph 2-5 of this guide for an explanation of DIEMS), your retired pay will be calculated under the “Final Basic Pay” or “High-3” formula as follows::

- **DIEMS date before 8 September 1980:** Multiply your years of satisfactory (equivalent) service by 2.5 percent, up to a maximum of 75 percent. Multiply the result by the basic pay in effect on the date your retired pay starts.
- **DIEMS date on or after 8 September 1980:** Multiply your years of satisfactory (equivalent) service by 2.5 percent, up to a maximum of 75 percent. Multiply the result by the average of your highest 36 months of basic pay.

The highest 36 months of basic pay for a member who transfers to the Retired Reserve until age 60 will normally be the last 36 months before they reach age 60. Members who request a discharge from the Retired Reserve before 60, however, can't use basic pay rates in effect after their discharge. Again, think carefully before requesting a discharge from the Retired Reserve as it will impact your retired pay entitlement.

AHRC-St. Louis offers an online calculator that allows RC Soldiers to accurately estimate their retired pay. The estimated monthly retired pay is in today's dollars and/or is projected in future dollars, at age 60. Find it at: <https://www.hrc.army.mil/site/reserve/soldierservices/default.asp>.

## 8-6 COST-OF-LIVING ADJUSTMENTS TO RETIRED PAY

Your retired pay will be increased annually by a cost-of-living adjustment (COLA) which is based on the change in the Consumer Price Index (CPI) from the third quarter of one calendar year to the third quarter of the next. Retired pay COLAs are normally effective 1 December and payable the first working day of January.

## 8-7 20-YEAR LETTER

For years the Services had difficulty in accurately establishing when a RC member had completed 20 qualifying years of service. Many Soldiers stopped participating when they believed they had completed 20 qualifying years only to discover, much too late (at age 60), that they did not meet the eligibility requirements for retired pay.

In 1966, Public Law 89-652 imposed a requirement on the Service Secretaries to notify RC members when they had completed sufficient years for retired pay purposes. A letter with the subject, “Notification of Eligibility for Retired Pay at Age 60,” commonly referred to as the 20-year letter, accomplishes this. You should receive this letter within one year of completing 20 qualifying years of service for retired pay purposes. If you are a member of the Army National Guard, you will receive your letter from the National Guard

Bureau. A 20-year letter will NOT be issued to a Soldier who completes 20 qualifying years of service after age 60.

If you are a USAR Soldier and all your creditable service is reflected in RPAS, RPAS will generate your 20-year letter approximately 45 days after the RYE that documents completion of your 20th qualifying year. If RPAS is not correct and you have 20 qualifying years, you must submit documentation and have the record screened by AHRC-St. Louis prior to the applicable RYE before your 20-year letter will be issued. Non-unit Soldiers must work with the Regional Support Teams of the Personnel Actions and Services Directorate, AHRC-St. Louis. Troop Program Unit Soldiers must work with their unit technicians and through their chain of command to ensure all creditable service is reflected in RPAS.

## 8-8 RETIRED PAY PROCESS

Once you receive your 20-year letter, eligibility for retired pay based on non-regular service may not be denied or revoked on the basis of any error, miscalculation, misinformation or administrative determination of years of service performed, unless it resulted directly from fraud or misrepresentation. Administrative errors, such as awarding of too many points, can be corrected; however, eligibility for retired pay cannot be withdrawn. The 20-year letter is a valuable document and should be stored in a safe place along with other documents pertaining to your estate.

AHRC-St. Louis will mail a retirement packet to you on your 58th birthday. NOTE: You are responsible to keep your mailing address current at AHRC-St. Louis in order to receive your retirement packet.

You should return it within six months of your requested retirement date. You may also download the forms and instructions from the AHRC-St. Louis Web site: <https://www.hrc.army.mil/site/reserve/soldierservices/default.asp>.

Once you return the packet, AHRC-St. Louis will certify you as eligible for retired pay and notify DFAS-CL to establish your retired pay account. You will not receive notification of receipt of your application

unless you return it by a mode that requires proof of receipt of delivery. You may also contact the AHRC-St. Louis customer service office toll-free at 1-800-318-5298 to inquire whether the packet has been received.

## 8-9 RESERVE COMPONENT SURVIVOR BENEFIT PLAN (RCSBP)

RCSBP was created by Congress on 1 October 1978. It is a plan which allows you to continue a portion of your future retired pay entitlement to your enrolled beneficiary(ies) in the event that you die before you begin to receive retired pay at age 60, i.e., during “gray area.” The basic rules of RCSBP are identical to those of the Survivor Benefit Plan (SBP). Read Section F—Survivor Benefit Plan. Listed below are some of RCSBP’s unique features to consider when making your decision on participation. Follow the same guiding principle: If your future retired pay plays a role in your financial plan, give it the same importance in your survivor’s financial plan. REMEMBER, YOUR ELECTION IS GENERALLY PERMANENT AND IRREVOCABLE.

## 8-10 ELIGIBILITY

Upon being notified that you qualify for Reserve retired pay (i.e., receive your 20-year letter), and before reaching age 60, you are eligible to enroll in RCSBP. You are required by law to elect coverage during the 90-day period beginning the day you receive your 20-year letter packet.

## 8-11 ELECTION OPTIONS

Effective 1 January 2001, RCSBP adopted (by law) the same spouse concurrence feature as SBP. Automatic RCSBP enrollment occurs for married Soldiers who elect the following and do not provide written spouse concurrence: Option A, Option B or Option C (covering less than full retired pay, or children only). Failure to make an election within the specified time frame, or to provide required spouse concurrence, results in automatic full coverage for spouse under Option C.

**Option A (DECLINE TO PARTICIPATE)**

Under this option, you will have no survivor protection in place before age 60. Should you die, no portion of your future retired pay entitlement is payable to a beneficiary. However, you remain eligible to enroll in SBP at age 60 when you apply for retired pay. REPEAT: There is no annuity payable to your survivors if you die before age 60 under Option A.

**Option B (DEFERRED ANNUITY)**

This option provides that an annuity will be payable to your beneficiary on 60th anniversary of your birth, if you die before age 60, or immediately if you die after age 60. REPEAT: There will be no annuity payable to your survivors until the anniversary of your 60th birthday, if you die before age 60 under Option B.

**Option C (IMMEDIATE ANNUITY)**

This option provides that an annuity will be payable immediately upon your death, whether you die before or after age 60.

**8-12 ELECTION CATEGORIES**

They are identical to SBP. NOTE: Any change in beneficiary status must be reported to AHRC-St. Louis immediately, to include any actions involving court-ordered or voluntary Former Spouse elections.

**8-13 ELECTION COSTS**

They are identical to SBP, except that there are two possible costs associated with RCSBP. These costs are not paid until you begin receiving retired pay at age 60, at which time they are withheld and are tax-free. They are: Basic Cost and Reserve Portion. Following is a brief summary of each:

**Basic Cost**

Same as SBP.

**Reserve Portion of Cost**

**Option A**—no cost since there was no survivor coverage in place.

**Option B and Option C**—the Reserve Portion Cost added to the basic cost covers the additional benefit and protection afforded should you die prior to age 60. The Reserve Portion Cost is a percentage of the

SBP base amount, and is derived from your age and your beneficiary's nearest age on election date. NOTE: You can get your estimated RCSBP cost online by using the interactive calculator. You can also read the "How to Estimate Your Reserve Component Survivor Benefit Plan" section on AHRC-St. Louis's Web site, <https://www.hrc.army.mil/site/reserve/soldierservices/retirement/survivorbenefitpaycalc.asp>

**Annuity**

The original two-tiered design (55 percent / 35 percent) of the spouse annuity is being phased out during the 2-1/2 year period 1 October 2005 to 1 April 2008, at which time surviving spouses will receive 55 percent of the covered base amount of retired pay regardless of age or Social Security entitlement.

**8-14 YOUR RESPONSIBILITY**

You are responsible for maintaining records that document your Reserve participation and retirement points (AR 135-133). The following documents should be safeguarded:

- DD Form 214 (proof of Active duty)
- DA Form 1383 (proof of Army Reserve duty)
- ARPC Form 249-2E, DARC Form 249, or AGUZ 115 (proof of Army Reserve duty)
- NGB Form 23, or a detailed statement of service from the state adjutant general (proof of National Guard duty)
- AF Form 526 (proof of Air Force or Air Force Reserve duty)
- NAVPERS Form 1070-61 (proof of Navy Reserve duty)
- NAVMC Form 768 (proof of Marine Corps Reserve duty)
- CG HQ Form 4973 (proof of Coast Guard Reserve duty)
- Any document proving the Soldier participated in a period of inactive duty for training (IDT) such as DA Form 1380 or DA Form 1379
- Proof of completed correspondence or extension courses
- Appointment or enlistment documents/notices that prove membership

- Military pay vouchers, travel vouchers, OERs and NCOERs to substantiate periods of Active duty for training (ADT). Orders are not accepted as proof of ADT unless accompanied by one of the following: a travel voucher, OER or NCOER received for the period of training, a Certificate of Attendance signed by your commander, or if on ADT for points only, DA Form 1380
- Army Reserve or National Guard 20-Year Letter

**Who to Contact for Help:**

- Unit Technician for retirement prior to age 60
- Regional Support Team
- AHRC-St. Louis customer service, toll-free, 1-800-318-5298
- Transition and Separations Branch, (314) 592-0553
- Nearest Army installation Retirement Services Officer, listing at: <http://www.armyg1.army.mil/retire>



## SECTION I

# REPLACEMENT OF MEDALS/RIBBONS/CERTIFICATES

### 9-1 REPLACEMENT

The Army offers a service to its retirees and veterans who wish to replace award emblems either previously issued but lost, or issued, but for some reason never received by the Soldier. The Army may charge the individual for each medal replaced. There is no set fee since some medals are more costly than others. This service is available to the retiree or veteran by writing to:

National Personnel Records Center  
ATTN: Army Reference Branch  
9700 Page Avenue  
St. Louis, MO 63132-5100  
or, by calling toll-free, 1-866-272-6272;  
or, by going online to <http://vetrecs.archives.gov>.

Current members of the Army Reserve and Army National Guard should contact their local commanders for assistance, or write to:

Army Human Resources Command—St. Louis  
One Reserve Way  
St. Louis, MO 63132-5200

### 9-2 AWARDS AND DECORATIONS

Federal law and Army policy require that recommendations for military awards and decorations be formally submitted through official channels within two years of the act that is to be recognized. However, Title 10, U.S. Code (USC), Section 1130, provides an avenue for consideration of military decorations that otherwise could not be considered due to existing federal law and Army policy. Specifically, Title 10, USC, Section 1130, allows for the submission of any award or decoration that was not previously submitted within the prescribed time limitations, for requests for unit awards and for upgrades to previously issued awards. However, a member of Congress must forward requests submitted under this provision to the appropriate Service Secretary. Under the provisions of Title 10, USC, Section 1130, it is the responsibility of the requester to obtain all supporting documentation. More detailed information is available at:

<https://www.hrc.army.mil/site/active/tagd/awards/index.htm>



Recommendations that were previously submitted and acted upon can be reconsidered if there is conclusive evidence that new, substantive information is made available. Awards submitted within the prescribed time limitations can be acted upon if there is evidence the award was not processed to a conclusion either through inadvertence or because it was lost. A request for reconsideration of a disapproved or downgraded recommendation must be placed in official channels within one year from the date of the awarding authority's decision. One-time reconsideration by the award authority shall be conclusive. However, a member of Congress can request a review of a proposal for the award or presentation of a decoration (or the upgrading of a decoration) that is not authorized to be presented or awarded due to limitations established by law or policy for timely submission of a recommendation.

### **Cold War Recognition Certificates**

In accordance with section 1084 of the Fiscal Year 1998 National Defense Authorization Act, the Secretary of Defense approved awarding Cold War Recognition Certificates to all members of the armed forces and qualified federal government civilian personnel who faithfully and honorably served the United States anytime during the Cold War era, defined as 2 September 1945 to 26 December 1991. All members of the armed forces and federal government civilian personnel who faithfully served the United States during this time period are eligible to receive the certificate. Individuals requesting a certificate will certify that their character of service was honorable and provide proof of service. Any official government or military document with the recipient's name, Social Security Number/Military Service Number/Foreign Service Number and date of service is acceptable. To request a Cold War Certificate online, go to: [https://www.hrc.army.mil/site/active/tagd/coldwar/us\\_application.htm](https://www.hrc.army.mil/site/active/tagd/coldwar/us_application.htm); then FAX documentation to 1-800-723-9262. For additional information on awards, visit the Awards Branch section of the AHRC-Alexandria homepage at: <https://www.hrc.army.mil/site/active/TAGD/coldwar/default.htm>

**NOTE:** Due to the remarkable success of this program, turn-around time for mailing Cold War Recognition Certificates is a minimum of 2 months.



## SECTION J

## RETIREMENT OUT-PROCESSING CHECKLIST

**10-1 GENERAL**

Following is a suggested timetable for accomplishing some of your retirement out-processing actions. Your installation RSO or your military personnel officer can provide a more detailed checklist that addresses local installation requirements.

<b>Timeframe</b>	<b>Action</b>
ASAP after decision	<input type="radio"/> a. Contact the installation Retirement Services Officer (RSO) to arrange a retirement and Survivor Benefit Plan (SBP) briefing.
ASAP after decision	<input type="radio"/> b. Contact the Army Career & Alumni Program (ACAP) Office for job transition/resume help.
4 months prior to	<input type="radio"/> c. Initiate retirement physical prior to transition leave or retirement.
3 months prior to	<input type="radio"/> d. Study medical and dental care options for retirees; consider purchasing a TRICARE supplement if needed.
3 months prior to	<input type="radio"/> e. Make an appointment with the Staff Judge Advocate to prepare a will.
2 months prior to	<input type="radio"/> f. Contact Transportation for household good shipment; must have orders.
2 months prior to	<input type="radio"/> g. Complete DD Form 2656, Data for Payment of Retired Personnel (and SBP election). A DD Form 2656-1 is needed if a former spouse SBP is being made.
2 months prior to	<input type="radio"/> h. Complete VA Form 21-526, Application for Compensation from Department of Veterans Affairs.
2 months prior to	<input type="radio"/> i. Complete DD Form 2860, Application for Combat-Related Special Compensation (CRSC), if applicable.
1 month prior to	<input type="radio"/> j. Obtain SF 1199A, Direct Deposit Sign-Up Form, for electronic transfer of retired pay to financial institution (needed only if changing financial institution).
1 week prior to	<input type="radio"/> k. Initiate action to obtain retired ID cards.
Within 120 days after	<input type="radio"/> l. Convert SGLI to VGLI (VA sends application), if desired.
ASAP	<input type="radio"/> m. Consider joining military service associations and remain Active in support of retiree issues

If you died tomorrow, would your Family know what to do? You can help your family now by filling out these pages and making sure they know where you keep this checklist.

## RETIREE INFORMATION

Name: .....

SSN: .....

Date and Place of Birth: .....

Date of Retirement: .....

Retired Grade/Rank: .....

Check all that apply:

☐ Survivor Benefit Plan (SBP)

☐ Reserve Component Survivor Benefit Plan (RCSBP)

VA Claim # .....

Did you disenroll from SBP? ☐ YES ☐ NO

Are you eligible for VA disability compensation? ☐ YES ☐ NO

Do you receive Social Security? ☐ YES ☐ NO

If Yes, age first received:      Years:      Months:

Do you wish to be an organ donor? ☐ YES ☐ NO

Do you have a living will? ☐ YES ☐ NO

If yes, location: .....

## Spouse Information

Name: .....

SSN: .....

Date of Birth: .....

Date of Marriage: .....

Married (City, County, State): .....

**Children Information (For each child):**

Name: Address:

Name: Address:

Name: Address:

Are any children incapable of self-support? ☐ YES ☐ NO**Insurance Policies**

Company: Policy #

Amount: Beneficiary (include as of date):

Company: Policy #

Amount: Beneficiary (include as of date):

**Investments****Type (IRA, CD, Mutual Fund):**

Type: Account # Amount (as of date):

Type: Account # Amount (as of date):

Type: Account # Amount (as of date):

Type: Account # Amount (as of date):

Type: Account # Amount (as of date):

**Bank Accounts**

Bank: Amount (as of date):

Type: Account #

Bank: Amount (as of date):

Type: Account #

Bank: Amount (as of date):

Type: Account#

## Creditors

Name & Address:

Account #

Balance Due (as of date):

Do you have life insurance?

☐ YES

☐ NO

Name & Address:

Account #

Balance Due (as of date):

Name & Address:

Account #

Balance Due (as of date):

Name & Address:

Account #

Balance Due (as of date):

## Burial Information

Do you want to be:

☐ Buried

☐ Cremated

Who should be notified of your death:

Name:

Relationship:

Address:

Phone Number:

Do you want to be buried in uniform?

☐ YES

☐ NO

Do you want a memorial service?

☐ YES

☐ NO

Do you want a military honor guard?

☐ YES

☐ NO

Do you have a preferred funeral home?

☐ YES

☐ NO

Name

## Location of Documents

*Documents*

*Location*

☐ Will

☐ DD214 (if applicable)

☐ Retiree Account Statement

**Documents****Location**☐ Marriage Certificate☐ Divorce Decree/Property Settlement☐ Retirement Orders/20 year Letter☐ Birth Certificates/Adoption Papers☐ Safe Deposit Box (list contents)☐ Insurance Policies☐ Tax Returns☐ Burial Plot Information☐ Medical & Dental Records☐ Real Estate Deeds☐ Other Information deemed appropriate:**Phone Numbers:****Casualty Assistance Office:** (immediate assistance upon retiree's death) 1-800-626-3317**From Overseas,** call collect 703-325-7990**Retired and Annuitant Pay:** 1-800-321-1080**Dept. of Veterans Affairs:** 1-800-827-1000**Social Security:** 1-800-772-1213**Nearest RSO**

(RSO contact information can be obtained from any issue of *Army Echoes* and online at:  
<http://www.armyg1.army.mil/retire>.)

